Leacock Sees Financial Crisis (Page 3)

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The Nation's Business

Now Is Time To Make Plans For '37 Business
Alberta's Laws Challenge Canada
Up To Ottawa To Disallow Them
Aberhart Raises Moral Issues
Ottawa and World Power

Plan Now For 1937

NEXT week business turns into the fourth quarter of what will be for most companies the best year since 1930.

But the fourth quarter of 1936 does more than conclude a year; it brings business to the threshold of still another year.

It is not too early to look forward to 1937; to ponder next year's prospects, to make next year's plans and to get a full programme of action under way before New Year's Day.

During these depression years many businessmen have become overly cautious. They have wanted to see the complete results of one year before making plans for the next year. The result has been a slowing up of sales and merchandising effort at the end of the year and a further delay of a month or 2 at the beginning of the next year in getting under way again.

Not only are precious days lost, days that should be filled with aggressive business action, but momentum is lost as well.

* * *

ONE important Canadian manufacturer sensed the folly and futility of a policy of delayed planning, just about a year ago. He felt that he must not wait till the books were balanced for 1935 but must vigorously plan ahead for 1936 to take advantage of the new business opportunities that he felt lay ahead. As a result he was ready for January 1 with the full momentum of a well-organized sales and production policy and was rewarded by an increase of no less than 250% in his sales for the month of January.

With only 3 months to go, the time is ripe for alert business executives, directors, production men, sales officials to plan ahead now for the increased business of 1937.

Next year's models, next year's sales campaign, next year's advertising budget should all be approved in the weeks that lie ahead and should not be held over for the "turn of the year." For planning that starts in January will not be finished in time to be effective all next year.

* * *

Provinces Are Not Sovereign

MORE serious consideration than has yet been given to the constitutional structure of Canada must inevitably result from present developments in Alberta. The legal cement that binds this country together will require analysis to see just what it is made of, and what its capacity is to resist strain.

Everyone is more or less familiar with the division of legal authority between the federal and the provincial legislatures. "Property and civil rights" belong to the provinces, "trade and commerce" to the Dominion. But another fundamental fact of the constitution has received perhaps less attention than it deserves. It is this, that all residuary powers not specifically allotted to the provinces continue to reside in the Dominion. The provinces are strictly limited to the actual powers conferred upon them, and they may go as far, but not one step farther than these powers.

* * *

IT MAY be that the province's right to legislate on property and civil rights is somewhat more limited than has been supposed. Because a province may legislate as to how property is to be enjoyed, transferred or inherited, it does not necessarily follow that it has the right to destroy it. Because it may legislate as to how civil rights are to be exercised, it is not a necessary inference that it may take away civil rights. The right of freedom of speech, threatened by Premier Aberhart's bombastic suggestions of licensing the press, is a right that pre-dated Alberta's creation as a province and has an enduring tenacity which can outlast Mr. Aberhart. The right of a citizen to appeal to the courts may be something stronger than the ability of a provincial legislature to deny such rights, as has been attempted in recent Ontario and Alberta legislation.

* * *

SOUTH of the border an orator may declaim about the sovereign state of Alabama, or the sovereign state of Delaware. Because of the nature of the federal union there is a sense in which the states are sovereign, and the central government can exercise only the powers, very definitely limited, which have been surrendered to it. But even in the United States the sovereignty of the states, as the Civil War determined, had to yield to the maintenance of the Union. But in no sense at all is a Canadian province sovereign.

Such considerations as these are no pettifogging arguments. They are

(Continued on page 2, col. 3)

Ottawa Valley Seeks To Defer Bond Interest

Directors Propose Postponing Payments Until April; 1938

LAW SUIT IN COURT

From Our Own Correspondent

MONTREAL. — Holders of the 5½% first mortgage bonds of Ottawa Valley Power Co., who may have wondered how long the company will continue paying interest now that the only source of income is cut off, were answered this week by a notice asking they approve postponement of payments until April, 1938.

While revenue under the Ontario Hydro contract was received during the first 10 months of 1935, the directors abstained from paying any dividends on stock or interest on the debentures which fell due on January 1 last.

Since last October Ottawa Valley has been without any income. Interest coupon due April 1 last on the first mortgage bonds was paid in full, as there was still a prospect of a new contract or the enforcing of contractual rights. At the moment the company is attempting by legal means to enforce its rights.

In order to prevent foreclosure proceedings at this time, a meeting of the bondholders has been called for October 19 to consider proposals advanced by the company.

No Payments Until 1938

Directors are recommending to bondholders postponement of interest due at the beginning of next month and until April 1, 1938. In order that there may be no ultimate loss of income it is proposed that the postponed installments of interest bear interest at the same rate as borne by the bonds, with the right of the company to make prepayment of 30 days' notice.

The company further proposes that the annual sinking fund of ½ of one per cent, which was to commence October 1 this year, be cancelled until October 1, 1938.

Meanwhile the hearing of the company's appeal against dismissal of its action to enforce its contract with the Ontario Hydro is continuing at Toronto.

Highlights

Newsprint Revival

Widened demand sends Canadian mill operations to highest level in years. Canada's paper industry attracts significant investment attention. Papers on parade. Pages 13 to 20.

Russian Trade

W. H. Moore appraises possibilities for Canadian trade with Soviets and finds potential benefits are popularly overrated. Page 12

Leacock Looks at Debt

Noted Canadian economist foresees crisis arising from national extravagance. Page 3

Prosperity Poor

Canada's banks lose outlets for profitable loan business as economic conditions improve. Page 8

Copper

International scheme, in which Canada participates, lays foundation for new confidence over prospects for red metal. Page 23

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Alberta Debt Act Invalid Eminent Lawyers Declare

Act Is Ignored by Creditors—Provincial Affairs Near Climax

SCRIP ISSUE IS FAILURE

Legal opinions as to the validity of Alberta's new debt legislation are unanimously of the view that the statute passed last month is ultra vires and therefore non-enforceable.

As far as can be learned there has been no single opinion to the contrary among almost a score of such advices that have been sought and received from lawyers both east and west.

Typical is the opinion given last week to the Canadian Life Officers Association by Hon. N. W. Rowell, K.C., to the effect that the Reduction and Settlement of Debt Act is an act relating to interest within the meaning of section 91 of the B. N. A. Act and that consequently the legislature of Alberta is not competent to pass such legislation.

Law Being Ignored

He further points out that the act is in direct conflict with sections 2 and 3 of the Dominion Interest Act and that accordingly the federal legislation would, in any event, prevail over the provincial legislation.

On the basis of this and similar opinions both in the east and the west, the majority of industrial and financial companies are virtually ignoring the new act as far as their every day transactions are concerned.

For example in respect of mortgages the Alberta legislation, according to the view of a prominent western lawyer, gives the mortgagor no right to demand a discharge of his debt. All that the act attempts is to say to creditors: 'You cannot recover and you cannot go to the courts to recover." Therefore even if the act were within provincial jurisdiction the debtor would have no power to demand a discharge from his debt.

Affairs Approach Climax

Affairs of the Social Credit Government in Alberta appear to be approaching some sort of climax.

The outcome of legislation reducing interest rates on all sorts of debts and "social credit measures" is not clear, however, since the Dominion Government has refrained from adopting a definite stand on requests for disallowance of provincial statutes.

It is believed that the special report prepared for the holders of Alberta bonds will be published in the near future. Its contents are clothed in secrecy. It is expected, however, that the report will show Alberta's economic position to be considerably better than has been generally supposed.

Scrip Largely Cancelled

Private and corporate lenders appear to have become awakened in the last few weeks to the real gravity of affairs in Alberta. Formerly they thought it best to give Mr. Aberhart enough rope to hang himself. The belief is still common that the Alberta government will do itself irreparable damage by attempting the impossible, but it has become evident that it will do great damage to all forms of thrift and business in the meantime.

Another recent development of interest is the announcement that of the August issue of some $236,000 of stamp scrip in the province, about $140,000 was presented for redemption at the provincial treasury at the first opportunity. In contrast with the government's hopes, it does not stay in circulation.

Interest in Yellow Book

Wide interest has been aroused particularly in Alberta by The Financial Post's publication last week of extracts from what is believed to be the rare "Yellow Book" on Social Credit sponsored by Premier William Aberhart. It is believed to be one of the earliest private pamphlets outlining Mr. Aberhart's version of Social Credit, and has not been allowed general circulation.

The book illustrates how Social Credit can be made to mean all things to all people, something to please everybody or at least the majority.

In some sections the book implies maintenance of present social, commercial and political systems, but in others it appears to advocate extreme forms of state Socialism, but setting forth in some passages what might be regarded as Communist tenets.

Douglas Adjusted

"Credit Power for Democracy" is a sub-title for the book. It has an introduction on the "Import of Credit," followed by a "Preamble—A Few Fundamental Economic Facts as a Basis." It goes on to outline "The Douglas System of Economics, Credit Power for Democracy," adjusted "to suit the Province."

"Wondrously simple," as Mr. Aberhart has described his own plan,

(Continued on page 2 col. 5)

Brain Trust Plays Politics With Power

Roosevelt Men Accused of Propagandizing Power Parley

SOURS DELEGATES

From Our Own Correspondent

MONTREAL.—Political exploitation by the Roosevelt "brain-trusters" of the Third World Power Conference at Washington left a sour taste in the mouths of delegates.

Representative of the cream of the technical brains in the power industry, the delegates came from the United Kingdom, France, Sweden, Germany, Italy, Japan, Switzerland, Russia, Poland, Canada; in fact, every major country of the world. They came to observe and learn, just as they had in London in 1924 and in Berlin in 1930. But the setting at Washington was different.

"We came to Washington to confer on power problems, but we were disappointed when the conference was used as a sounding board for the power policy of the New Deal administration under President Roosevelt."

This was the way many of the delegates who took the post-conference tour through Quebec and Ontario, expressed their opinion on the Washington meeting.

Steal the Show

Papers had been prepared beforehand by the members, who, having in mind the non-political character of the conference at Washington, confined their material to a presentation of facts and not opinions. These papers were not read, but an impartial summary of each was given to the delegates, followed by an open discussion. As usual these discussions were limited to 4 minutes each and it was here that the "New Dealers" put across some very effective propaganda at the expense of the conference.

For instance, the delegates were told by a personal representative of Mayor LaGuardia, of New York, that establishment of a municipal plant was necessary as a "yardstick." He went on to say that regulation by commission had given way to regulation by litigation. The privately-owned power companies were refusing to reduce rates and that whenever an order was promulgated by the authorities, the companies appealed to the courts on the constitutionality of the act or orders.

Representatives of the industry replied with the record of rate reductions put into effect and further it was stated that litigation was forced on them to prevent confiscation of property.

Use R.F.C. Money

A member of Reconstruction Finance Corp. took part in the open discussion to describe the allotment of moneys for municipalization of power plants, or the building of new ones. He argued that the trend of requests for financial assistance was overwhelmingly in favor of the setting up of municipal plants in order to have a "yardstick," whereby rates could be forced down. A representative of the industry explained, however, to the delegates that the number of municipal plants built represented less than .5% of the country's kilowatt hour output.

All during the course of conference, strategically placed men took part in the open discussions to put on record what the New Deal had done to bring down power costs and how much better off were the people since the Roosevelt administration adopted its power policy.

Won't Challenge Alberta Statute

From Our Own Correspondent

OTTAWA. — Unless some new factors enter the situation which are now not foreseen, the federal government has no intention of taking action to disallow the Reduction and Settlement of Debt Act of Alberta even though there is ample legal opinion to support the view that this act is ultra vires the provincial government.

Naturally the Alberta situation is being followed very closely not only because of its alleged infringement of federal rights, but also for its effect on the credit and economy of the Dominion. But no steps are planned to actively challenge the Alberta statute.

Agree To Cut Saskatchewan Mortgage Debt

Federal and Provincial Governments Agree to Adjustment

$40 MILLIONS TIED-UP

From Our Own Correspondent

REGINA.—Agreement has been reached betwen mortgage interests, the federal and provincial governments for the writing-off of between $40 millions and $50 millions of debts which drought farmers owe and the setting of a lower and uniform rate of interest on debts. This voluntary reduction stands in sharp contrast to the compulsory measures adopted in Alberta.

Conferences have been held in Regina between representatives of mortgage companies, Hon. J. G. Gardiner, federal minister of agriculture, representing Ottawa, and members of the Saskatchewan cabinet under Premier W. J. Patterson.

Only a few minor points have yet to be cleared up and the agreement placed before the cabinet for approval before a public announcement is made. That it will be approved is a foregone conclusion.

Governments Make Concession

As a result of the negotiations the federal government, through Mr. Gardiner, conceded to the province a portion of the relief money the province owes the federal treasury, but how much has not been divulged. The province conceded a like amount to farmers in the various forms of debt owing the government, such as seed grain loans and other agricultural advances. The mortgage men are believed to have agreed upon a percentage of reduction of debts owing them, cut-off dates being 1930 and 1935, which probably means that a large portion of the debt that has accumulated since 1930 has been wiped off.

Millions Tied Up

The amount of debt reduction of between $40 and $50 millions, includes the amount wiped out by the two governments.. For purposes of adjustment farm debts are divided into two classes, those in the serious drought area and those in the adjacent areas. Heaviest gainers will be the farmers in the serious area, most of whom have not had a decent crop for six years.

In connection with the lowering of the rate of interest the action of the board of review under the Farmers' Creditors Arrangement Act as announced by Chief Justice J. T. Brown, chairman, is of importance. The board set a minimum rate of 6% on real estate mortgages and spread principal payments over a 10-year period on a sliding scale starting at 3% of principal and increasing each three years with the balance payable in the tenth year.

Land Adjustment Plan

Included in the general scheme of things is a land adjustment plan which will mean removal of farmers from marginal lands to allow such land to be returned to grazing. This will involve the transfer of such lands to the Crown and the placing of the farmers on other more suitable farm land.

Big Revenue Sources Will Cross '29 Peak

Revenue from Canada's big three this year will top their 1929 peak according to preliminary estimates made by The Financial Post.

The big three are tourist trade; mineral exports; wheat and wheat flour exports.

In 1929, the total revenue to Canada from these three major sources of income was $750 millions. This year the total will be over the $760 millions mark. This will be a gain of almost 33% over 1935.

Behind this remarkable recovery is the fact that overseas demand for Canada's mineral products is considerably more than double its depression low and is actually 70% higher than the previous 1929 peak.

Similarly, revenue from tourist trade is currently 250% above the low point of 1933 and is within hailing distance of the 1929 high mark.

Wheat and flour exports will be worth almost $100 millions more in 1936 than last year due to bigger demand and better prices and quality of grain. Value of this export will be within $60 millions of the 1929 figure but only half of the 1928 peak.

Moving Crop Expands Issue Of Bank Notes

Bank of Canada Circulation Reflects Seasonal Trend

INVESTMENTS UP

Early movement of wheat crops from Western Canada has resulted in a sharp increase in the note circulation of the Bank of Canada.

Expansion of currency is customary in order to finance movement of wheat, the chartered banks issuing their own notes until it is felt that the danger line is being reached. At that point, recourse was formerly had to borrowings under the Finance Act. Since establishment of the Bank of Canada, however, the additional currency has been obtained from the central institution.

This year the Bank of Canada was called upon to begin the additional circulation considerably earlier than usual. In 1935 circulation did not show material increase until on in October. In the last 3 weeks, however, outstanding notes have jumped $18.5 millions to $123 millions.

Wheat Harvest Early

The explanation is twofold. In the first place, the wheat harvest is ahead of time. It is estimated that 25% or approximately 60 million bushels of this year's crop has been sold. In 1935, the corresponding amount is placed at about 25 million bushels.

Secondly, the chartered banks reach the "danger line" more rapidly now than before the introduction of the central bank; more rapidly even than a year ago. In accordance with legislation put through at the time the Bank of Canada was established, note issue of the chartered institutions is being gradually restricted. At present, it is limited to 95% of unimpaired paid-up capital. It is customary, however, to maintain circulation a safe margin under the maximum to allow for unexpected contingencies.

Investments Soar

Another major trend which has become apparent in the Bank of Canada's statement is a marked advance in security holdings. In the last 3 weeks, investments have advanced almost 22% to $135 millions, a peak since the revaluation of gold in July, 1935. This is the first important movement in security holdings in more than a year, although there has been a trend from long to short-term maturities.

Most bankers are of the opinion that the advance in holdings reflects the rising note issue and also covers the purchase by the government recently of $5.1 millions of the bank's stock in order to effect public ownership. It is pointed out that so long as additional investments parallel changes in note circulation, the development is not inflationary in effect—at least no more so than advances under the Finance Act.

Significant changes in the bank's balance sheet over the last 3 weeks are as follows: In liabilities, increases of $5.1 millions in capital and $18.5 millions in note circulation, and decreases of $14 millions in bank and $9 millions in government deposits; in assets, an increase of $24.5 millions in investments, and a drop of about $25 millions in United States reserve. It is believed that the decline in deposits parallels the reduction in United States reserve, which in turn arose from financing operations of the federal government. This would leave the advance in security holdings to offset greater note issue and capitalization.

Munitions Orders Nebulous in Canada

Canadian Industries Not Associated in Arms Orders — But British Government May Seek Co-operation Here

From Our Own Correspondent

MONTREAL. — Canadian Industries Ltd. is not engaged in the manufacture of war materials nor is it associated with any other Canadian company in such work, according to a statement issued by Arthur B. Purvis, president, just before he left for England.

For several weeks there has been a growing belief that Canadian companies have received contracts or been approached by British authorities to manufacture war materials. It is a known fact that practically all the heavy industries in England are busily working on war munitions and supplies and in many instances are unable to make prompt delivery of their regular peace-time products.

Many of the Canadian companies, notably Canadian Car, Canada Iron Foundries, National Steel Car, Dominion Bridge, are equipped, or could very easily arrange their facilities, to turn out war materials.

C.I.L. Not in Business

Rumors have been current that these companies have received orders, but such reports are not borne out by a check of the situation. Canadian Industries products are very largely of types needed during wartime and in the event of any orders being placed in this country by the British Government, the company might be expected to share in such business.

Arthur B. Purvis says that his company knows of no foundation in fact for the rumor that there is considerable activity in the manufacture of munitions in Canada. Nor has his company exported any munitions. So far as C.I.L. is concerned, the only materials actually being made to the order of the Canadian Government at present are the normal small supplies of cordite, as well as ammunition for Canadian police units.

It is believed that there is a fair possibility that the British Government will send a munitions mission to Canada, not to place orders directly, but to survey the Canadian industries as a source of supplies. The possibility of such a mission to this country may be the basis for the unfounded reports that orders for munitions have already been received.

Orders Are Held Up

Meanwhile, Canadian industry is experiencing difficulty in securing some supplies from English manufacturers. The regimentation of the latter on munitions and war supplies for the British Government has made it impossible for them to promise regular deliveries.

Canada Steamship Lines, for one, has had difficulty in securing replacement parts for its steamships, the big ship-building firms in England being too busy on Admiralty work to guarantee delivery of peacetime orders.

Several months ago Montreal Tramways Co. ordered a number of trolley buses from England. A good

(Continued on page 2 col. 5)

Gt. Lakes Paper Interest in Doubt

A decision will be reached this week on whether bond interest due Oct. 1 on new 5% bonds of Great Lakes Paper Co. will be met on time.

Doubt is evident in well-informed quarters whether the payment will be made. Interest due April 1, 1936, was paid, however, when the new bonds were issued in August, although it is believed to have placed some strain on working capital because of the extraordinary expenses of reorganization this year.

Tamblyn Ltd. Plans To Split Common Stock

To Replace Preferred Shares With New 5% Issue

COMMON DIVIDEND

A proposal for redemption of the present 7% preferred stock of G. Tamblyn Ltd., drug store chain, and issuance of new 5% preference stock is to be placed before shareholders of the company on Sept. 29.

At the same time shareholders will be asked to approve a split of the common shares on a 4 for one basis.

The proposal to replace the preferred stock with a lower dividend security and to split the common stock comes as a result of acquisition of the majority of the common stock by Cochran, Murray & Hay and Stewart, Scully & Co., Toronto investment firms. Control of the company was acquired from the Drug Holding Co., which is controlled by the G. Tamblyn estate, and from the Ottewell Co., New York. At the end of 1934 the Drug Holding Co. held 14,100 shares and the Ottewell Co., 9,359 shares of Tamblyn common. The total number of common shares outstanding is 28,000.

To Declare Dividend

Under the new control it appears that there will be a change in the company's policy as regard disposal of profits, although the management is to remain the same. In the past it has been the policy of the company to apply earnings in excess of preferred dividend requirements to reduction in the amount of the preferred and to increasing the company's working capital. It is now proposed to place the common stock on a regular dividend basis. It is expected that a public offering of a portion of the new common will be made in the near future.

Of an original issue of $700,000 of 7% preferred stock, offered in 1928, there is at present outstanding $288,100 principal amount, which is redeemable on 60 days notice at $110 a share. It is proposed to replace this stock with a new $300,000 issue of 5% preferred stock, par value $50 a share, compared with the present par of $100 a share.

Save $5,000 Annually

Redemption of the 7% preferred stock and issuance of 5% stock will result in a saving of slightly over $5,000 annually to common shareholders.

The recent advance in the price of the present common shares of the company to $61 a share is a reflection of the proposal to split the stock and place it on a dividend basis. Only a little over a week ago this stock was selling around $45 while the low of the year was under $33.

Uncertainty Still Beclouds Beauharnois

No Plan Prepared to Cover Collateral Trust Bonds

NO EXPORT MARKET

From Our Own Correspondent

MONTREAL. — An organization meeting of the protective committee for the holders of Beauharnois Power Corp. collateral trust bonds was held this week and, despite rumors, no plan has been formulated by that body nor has Montreal Light, Heat and Power Consold. submitted any scheme for rehabilitation of the enterprise.

It has been freely reported that Montreal Power has prepared a plan for submission to the collateral trust bondholders, whereby they would receive 50% of the face value of their security in Montreal Power's 3½% bonds, or have the option of taking 2 shares of Montreal Power common stock for each $100 bond held. This is officially denied.

Exchange Plan Success

The exchange of Montreal Power's bonds for those of Beauharnois Light, Heat and Power Co. has been successfully concluded. This arrangement provided for the transfer on a par for par basis of all the operating company's first mortgage bonds for those of Montreal Power. The bonds taken over by the latter have been put on an income basis, as a consideration for which the holders of the collateral trust bonds cannot enforce their security, and, in any event, cannot take any action until April 1, 1938.

Increase in Deliveries

At present Beauharnois has installed all the equipment necessary to meet deliveries under existing contracts. The units equipped for delivery of 25-cycle power to Ontario Hydro have been closed down since last October, when the Ontario Government repudiated the contract.

The 60-cycle units are in operation and will be in position to deliver an additional 25,000 h.p. to Montreal Power on October 1 as called for under the contract. This will bring the load up to 125,000 h.p., and increase Beauharnois gross revenue by $376,250 annually.

No Export Market

There has been considerable talk about the possibility of Beauharnois being able to market its surplus power in New York State. That market has been carefully examined and interests close to the company state that there is no immediate prospect of building up a market in that area.

Short of Earnings

Present and prospective earning power of the company make for an unpromising outlook. The loss of the Ontario Hydro business has crippled earning power and placed the operating company in a position of being unable to pay interest on its first mortgage bonds in full. Prior to this it had been expected that revenue accruing from the graduated scale of increased deliveries of power to Montreal Power and Ontario Hydro would have enabled the company to pay out sufficient funds to Beauharnois Power Corp. for that company to meet its obligations by the spring of 1938. Unless there is an unexpected change in the situation, the operating company will not be able to pay anything to the parent company for some time to come.

Position is Difficult

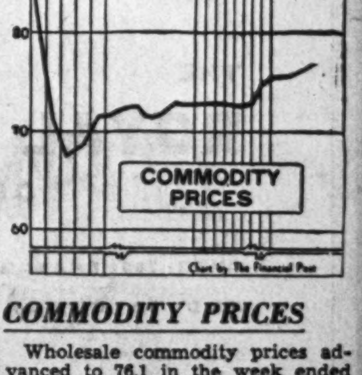
The problem facing the protective committee is a difficult one. While there is an equity in capital assets, the collateral trust bonds have no equity in earnings. By the terms of the reorganization, interest on the collateral bonds became a fixed charge as from October 1, 1937, the first payment being due April 1, 1938. Until that time there is little the protective committee can do except maintain a watching brief.

Pulpwood Operations Planned on Larger Scale

From Our Own Correspondent

MONTREAL.—Pulpwood operations in the St. Raymond de Pontneuf district, near Quebec City, will provide employment this winter for nearly 2,000 workers. Lumber camps will be operated by Consolidated Paper and Ste. Anne Paper Co. on the shores of Ste. Anne, Cachee and and Little Saguenay Rivers.

The whole project will cost in the neighborhood of $800,000.



COMMODITY PRICES

Wholesale commodity prices advanced to 76.1 in the week ended Sept. 18 from 75.5 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

MEN'S SHOP

Distinguished "Britishers"

Topcoats tailored in England from all wool British tweeds are featured at the Men's Shop, Eaton's-College Street. Our choice of English coats is very wide both in variety of styles and in price range. Sizes 35 to 44.

Burberry Topcoats, $45.00 to $60.00 each.
Joseph May Overcoats, $35.00 to $55.00 each.
Other English Overcoats, $35.00 to $65.00 each.

These coats may be purchased on Eaton's Budget Plan if desired.

MEN'S SHOP
BAY STREET SECTION
EATON'S - COLLEGE STREET

50-FM-/36

THERE'S A
TONIC IN THE TANG
OF OCTOBER AT
CHALFONTE-HADDON HALL

Now is the season to be out-of-doors by the sea, biking on the Boardwalk, riding horseback along the surf, storing up sunshine on our lazy Ocean Decks. It's the time discriminating visitors enjoy the shore most.

Indoors, there's just one season here the year round — a gay and happy one. You need its refreshment too. The wholesome, tasty meals. The deep slumber. The heartening little attentions we delight in showing our guests. Come down soon and salt away the last of summer for the first of winter. You'll be gladly surprised at our low fall rates.

LEEDS AND LIPPINCOTT COMPANY
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The Royal Bank serves Canadians both at home and abroad. In London, one branch of the bank is situated across the street from the Bank of England; another just off Trafalgar Square beside Canada House. In Paris and Barcelona, branches are also maintained. These overseas offices of The Royal Bank extend to Canadian enterprise every banking service and to Canadian visitors a friendly welcome.

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OVER 700 BRANCHES IN CANADA AND 90 OTHER COUNTRIES

The Nation's Business

(Continued from page 1)

of the very essence of Canadian nationality, part of the warp and woof of fabric of our national life. They must form part of the Canadian defense against the disruptive forces that have been put to work by the little group that has seized control of the political structure in Alberta. They should be taken promptly, if they have not already been taken, into consideration by the government of Canada.

* * *

ALBERTA'S new legislation challenges Confederation. It challenges the rights of the Canadian people as a whole.

Mr. King as prime minister, Mr. Lapointe as minister of justice, and Mr. Dunning as minister of finance, cannot ignore it. It is their responsibility now to see that the legislation is disallowed.

* * *

Confusing Moral Issues

ALBERTA'S legislation, writing down private debts, puts a great many families up against a very lively moral issue.

After the legislation was put on the statute books, members of the government hastened to say that it would not prevent private settlements between debtors and creditors.

But the situation is that the law has provided for the writing down of private debts; it specifies the amount by which any particular debt shall be written down, and it also provides for the manner in which the balance due on any account is to be paid.

* * *

WHAT an awkward position it is for the man who owes a debt, who is quite capable of meeting it now or in good time, and who never looked for any beneficent government to write his debt down for him! Undoubtedly hundreds of Alberta people will decline to take advantage of the legislation just as there will be hundreds who will have no choice but to ask to have their debts written down.

Such people are posed a very definite problem in honesty and morality. The law tells them they may have their debts written down, regardless of their ability or willingness to pay. In how many cases will self-reliance and independence triumph over a law that makes no distinction between needy debtors and unworried ones?

* * *

MUNICIPALITIES are put in a somewhat similar position by another new Alberta law. There are cities—Red Deer is one—that have managed, by good and frugal government, to reduce their taxes and remain thoroughly solvent. They are proud of their record of meeting their obligations promptly and fully. Now Mr. Aberhart has made it a crime for such cities to pay their bond interest in full.

When one law makes a crime out of something that people regard as common honesty; when another law tells people that they are not required to be honest, considerable violence has been done to common conceptions of public morality.

It is refreshing to find a number of ministers of the gospel in Alberta bringing up these vexing points in their Sunday sermons.

* * *

Ottawa Might Have Done Better

NEARLY 300 of the most eminent power authorities in the world have just concluded a 3-day inspection tour of water power developments at Shawinigan Falls, Grand'-Mère, Beauharnois, Gatineau and Niagara Falls. For more than a year it has been known that they would be here, yet the only official notice of this important event by the Dominion Government was a dinner at Ottawa.

Fortunately for the good name of Canada the responsibility of host was ably taken care of by the Shawinigan Water & Power Co., Beauharnois Power Corp., Gatineau Power Co., and the Hydro-Electric Power Commission of Ontario. It is greatly to their credit that they spared no expense or effort in doing honor to these delegates to the Third World Power Conference, at the same time presenting striking evidence of the wealth of Canada's water power resources and the high degree of technical ability that has brought about their utilization.

Too much cannot be said of the completeness of the plans which were made by these private interests and likewise too much cannot be said of the official apathy at Ottawa toward such an important delegation.

Foreign Exchange

Once more, financial observers believe the French situation in regard to devaluation of the franc is becoming acute. It has been reported that only intervention of the British exchange control fund, assisted by the United States stabilization fund, has kept the franc from collapse. In any event, the belief is growing that the present situation cannot be maintained for more than one or 2 months. Gold is still leaving France, some to settle adverse commercial balances, but some, also, to find a safer haven. It is likely that the first move in franc depreciation will be an attempt to restrict this outflow.

The general movement on the exchanges during the week was relatively small. Sterling held up fairly well after gains which have recently carried it to the firmest levels in 2 years. Whaley-Eaton Service advances the opinion that London expects further dollar depreciation until the pound stands at $5.10 and suggests that recent depreciation of the dollar in terms of sterling is partly the result of an unofficial arrangement between London and Washington.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	Sept. 15	Sept. 16	Sept. 17	Sept. 18	Sept. 19	Sept. 21
U. S. dollar, High	.5906	.99 15/16	.99 15/16	.99 15/16	.99 15/16	.99 15/16	.99 15/16
Low	.5906	.99 13/16	.99 13/16	.99 13/16	.99 13/16	.99 13/16	.99 13/16
1935, High	.5906	1.00 15/16	1.00 13/16	1.00⅝	1.00⅞	1.00 11/16	1.00¾
Low	.5906	1.00 13/16	1.00 1/16	1.00½	1.00 1/16	1.00 11/16	1.00
U. K. pound	4.8665	5.06⅛	5.06 1/16	5.06	5.06⅛	5.06 1/16	5.06
Argentina	.4246	.2854	.2863	.2858	.2853	.2853	.2852
Australia	4.8665	4.0421	4.0414	4.0400	4.0409	4.0414	4.0386
Austria	.1407	.1890	.1858	.1890	.1889	.1889	.1889
Belgium	.1392	.1690	.1688	.1689	.1689	.1689	.1689
Brazil	.1963	.0590	.0594½	.0596⅝	.0597	.0597	.0597
Czechoslovakia	.0296	.0413⅝	.0413⅝	.0413¾	.0413¼	.0413½	.0413½
Denmark	.2680	.2261	.2261	.2258½	.2261	.2261	.2260
France	.0392	.0658½	.0657¾	.0658	.0658	.0658	.0658
Germany	.2382	.4021	.4020	.4020½	.4022	.4021½	.4021
Greece	.013	.0094¼	.0094¼	.0094	.0094¼	.0094¼	.0094¼
Holland	.4020	.6785	.6782⅝	.6785	.6785	.6785	.6784
Hungary	.1749	.1979	.1978⅛	.1973	.1979	.1979	.1979
India	.3650	.3827	.3831½	.3855½	.3828	.3828	.3828
Italy	.0526	.0795	.0793¼	.0794	.0794½	.0794½	.0794¼
Japan	.4985	.2965	.2962¼	.2963	.2963	.2966½	.2963
Jugoslavia	.1929	.0229½	.0229½	.0229⅛	.0229¾	.0229½	.0229¾
New Zealand	4.8665	4.0747	4.0740	4.0725	4.0734	4.0740	4.0712
Norway	.2680	.2545	.2545⅝	.2543	.2544	.2545	.2544
Poland	.1122	.1887	.....	.....	.....	.1887	.1886
South Africa	4.8666	5.0375	5.0365	5.0346	5.0359	5.0365	5.0331
Sweden	.2680	.2612	.2910½	.2609	.2611	.2612	.2611
Switzerland	.1930	.3257	.3256	.3256½	.3256	.3257½	.3257
Hong Kong	.5422	.3128	.3127	.3123	.3130	.3128	.3130

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Public Utility Earnings

B. C. Power

	1936 $	1935 $
August—		
Gross revenue	1,223,661	1,124,925
Operating exp.	868,116	794,631
Net revenue	355,545	330,294
Two mos. end. Aug.		
Gross revenue	2,433,495	2,216,071
Operating exp.	1,727,276	1,554,870
Net revenue	706,219	661,201

Brazilian Traction

August:	1936 $	1935 $	Increase $
Gross earn.	2,772,806	2,561,896	210,910
Oper. exp.	1,242,186	1,168,469	73,717
Net earn.	1,530,620	1,393,427	137,193
Eight Months:			
Gross earn.	20,772,022	20,340,175	431,847
Net earn.	11,375,677	10,972,598	403,079

CANADIAN GENERAL
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Dividend Notice

Notice is hereby given that a dividend of Twelve and One-half Cents (12½c) per share on the paid-up capital stock of the Company has been declared to shareholders of record September 30th, 1936, payable October 15th, 1936.

Share Warrant holders will present Coupon No. 33 at the Main Office of the Bank of Montreal, in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Montreal, Halifax, St. John or at the King and Yonge Streets Branch, Toronto, where payment will be made at par.

Important Notice

Notice is hereby given that on and after the fifteenth day of October, 1936, new Coupon Sheets will be issued to the holders of Share Warrants of this Company upon surrender of the Numbered Talon attached to the bottom of the Share Warrant. This Talon should be detached from the Share Warrant Certificate and forwarded by registered mail, insured, to the office of the Secretary, 320 Bay Street, Toronto, Ontario.

At the earliest date possible after the receipt of this Talon, new Coupon Sheets bearing the same Serial Number as the Certificate from which the Talon is detached will be returned in exchange therefor.

By order of the Board.

320 Bay Street,
Toronto, Ont.

E. M. STRAIN,
Secretary.

Alberta Debt Act Invalid Eminent Lawyers Declare

(Continued from page 1)

the "Yellow Book" gives as its 3 main factors: Basic credit dividends to every bona fide citizen, provision for continuous flow of credit, automatic price control.

Illustrative of conflicting ideas in the work, the book states:

"These 3 factors can be introduced into our present system without a very great upheaval of social commercial and political interests, but they will effectively change the whole system in a very short space of time."

Socialists' Viewpoint

Throughout, there is a curious mingling of desire to cling to the old while adopting the new. Socialist "co-operation," however, seems to get the best of rugged individualism, as shown by such passages as this:

"The State shall be viewed by its citizens as a gigantic Joint Stock Company with the resources of the Province behind its credit. The bona fide citizens are each and all shareholders, entitled to basic dividends sufficient to provide the bare necessities of food, clothing and shelter for each individual and his family."

Four consecutive sentences, in strange contrast, read:

"All salaries or wages or income from whatever source must be expended by the end of the year following the receipt of same. If any credit, under the above, remains unused or unclaimed, the State Credit House should write the same off the Citizen's account. To encourage individual enterprise and enable the individual to provide more adequtely for old age, Current Credit may be used to purchase Government Bonds maturing at a later date for himself or another. It is understood, however, that all such bonds become the property of the Government in case of the death of the individual."

Unconsciously Socialist?

The view is held widely that in its promotion of schemes that could be described as Socialist or even Communist the Aberhart Government is quite unconscious of the ultimate conclusion. That this may be so is illustrated by passages that imply an almost pathetically sentimental respect for existing economic and political systems; such as these:

"Individual enterprise must be encouraged in every way possible."

"In no way should the introduction of this system be allowed to interfere with the relationship between Alberta and Canada or any of the other provinces.

"The property rights of the individual would be respected, and supported where possible."

In contrast with such seeming Liberalism, however, tyranny and coercion stand out in others of the numerous one-sentence paragraphs. Such as this:

"All residents of the province who do not co-operate with the Citizens, and deal directly and only with the Provincial Credit House, will be assessed heavy taxes for the privilege of doing business in the province."

Startling "Advantages"

Following a series of experiments with simple arithmetic, the book ends with a summary of "Advantages of the System.

One of the more startling reads:

"8. Unemployment relief, high interest charges, exorbitant profits, etc. will all be eliminated automatically. One citizen will not be able to devour his fellow. All will share alike in the provincial wealth, and at the same time individual enterprise will be encouraged. It will remove graft and theft."

Next among the "advantages" is:

"9. The Province will not have to face the almost Herculean task of trying to nationalize banks. They will cut the feelers and tendons that ensnare and ensalve us."

Without dwelling upon who is to do the cutting aforementioned, the "advantages" finally arrive at good living in this one:

"12. The Basic Dividends of Citizenship would enable the citizens to choose the occupation most suitable to their abilities and not from the remuneration received therefor. It would tend to Social Freedom."

Socialist Dominance

It may be argued that the book is simply demonstrative of the confused thinking behind acts of the Alberta government. Mr. Aberhart, however, appears to be under the impulsion of the more radical elements in his Social Credit party. Thus, it can also be argued that the real objectives being pursued by the Government are the more radical dogmas of the "Yellow Book" such as: "Life insurance is a useless expense," and trying to nationalize banks, or transferring real estate, industrial plants, stores, etc. to the Government. While this may be described as state Socialism, it seems to be little short of Communism.

Munitions Orders Nebulous Here

(Continued from page 1)

deal of electrical equipment is required for these buses, and the manufacturers have been unable to promise delivery owing to the necessity of giving precedence to government orders. Ordinarily, the buses would have been delivered by this time, but, at best, it is not expected that they will be received until the end of the year.

Discussed in Britain

Although orders for munitions have not been sent to Canada by the British Government and though no official intimation has been received that such orders are in prospect, the matter has been fully discussed in important government circles in Great Britain. The London Observer recently went so far as to say that informed opinion regarded such a departure in peace times as an excellent policy but that journal went on to predict that most of the members of the present Government would be slow in seeing the advantage.

The advantages which some military, naval and air and industrial advisers seek in urging that orders for munitions be placed elsewhere in the Empire than the United Kingdom are three-fold.

1. Munitions orders placed with industries in Great Britain now having an exceptionally promising revival in demand for peacetime products, block prompt service on civilian orders from abroad and so make the British industries lose important orders of a permanent nature;

2. Experience of the last war shows that munitions production cannot be developed effectively overnight and that in future wars the British Government—or the British Empire—would have an immense advantage if the time factor were not against it, that is, if the requisite experience and knowledge and specifications are already available to various selected firms which in case of war, would then be in a position to expand production quickly;

3. That in the present disturbed condition of Europe it will be advantageous for the British Government to increase its available war material much more quickly than British industries alone can do it; in other words, that the work given British workmen by munitions is of secondary importance to having them quickly as an insurance in case of a sudden outbreak of war.

The second point is the one which appeals most to munitions manufacturers in Canada who had the most experience during the last war. They say that it would be a great advantage to the British Government and to Canada to have small operations conducted here and there in Canada to recognized specifications. That would mean there would be fewer mistakes and much less time lost in case of emergency.

Orders given to put in effect this policy would not be important to individual companies at present but would probably be large enough to pay all expenses and possibly show a little profit as well. Undoubtedly there will be some resentment among pacific groups if such war materials are made in Canada, so that the subject may become one of lively discussion.

Gordon West Carries On Own Architectural Office

Molesworth, West & Secord, architects, of Toronto, have dissolved partnership.

Gordon M. West, who is a past president of the Royal Architectural Institute of Canada and president of the National Construction Council of Canada, is continuing his office at 43 Victoria Street, Toronto.

Export Trade Again Rising

A further substantial gain in exports and higher importations of many key commodities featured the week's business news. Exports at $92.4 millions were nearly 22% above corresponding figures for last year.

Monthly	August	—Change— From prev. period %	From prev. year %
Bldg. permits	$3,672,845	— 20	— 14
Planks & Bd. exp. m. ft.	168,440	+ 9	+ 2
Newsprint, exp., tons	257,576	+ 10	+ 16
Raw Sugar:			
Meltings & ship., lb.	*82,662,963	— 14	+ 11
Manufactured, lb.	*94,564,136	+ 0.7	+ 15
Tobacco consumption:			
Tobacco, cut, lb.	1,682,342	— 3	+ 0.6
Cigarettes, No.	524,978,372	— 7	+ 1
Cigars, No.	10,630,100	— 5	— 7
Exports	92,559,495	+ 10	+ 22
Imports	50,248,036	— 6	+ 1
* For 4 weeks to Sept. 5.			
Weekly			
Car loadings, No.	52,909	— 9	— 2
Cattle sales, No.	22,031		— 23
Hog sales, No.	19,225		+ 52

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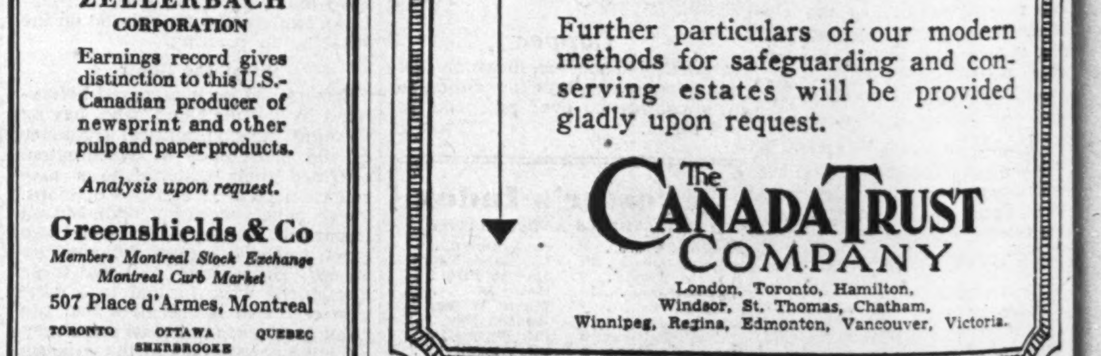

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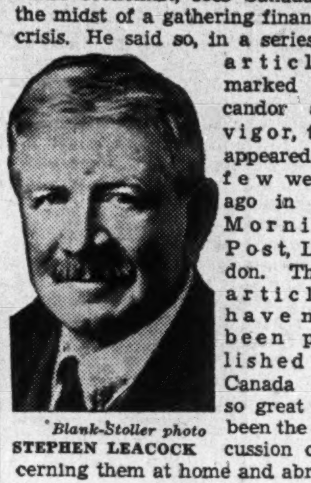
Our Gathering Financial Crisis

National Extravagance Piling Up Debt to Staggering Total— Nearly 40% of Canadian Income Required for Interest Payments

Crisis Near?

Stephen Leacock, eminent Canadian economist, sees Canada in the midst of a gathering financial crisis. He said so, in a series of articles marked by candor and vigor, that appeared a few weeks ago in the Morning Post, London. These articles have not been published in Canada but so great has been the discussion concerning them at home and abroad that The Financial Post has made arrangements with Prof. Leacock to present them to its readers.



Blank-Stoller photo
STEPHEN LEACOCK

With courage and conviction, Prof. Leacock emphasises the critical situation to which Canada has been brought by unbalanced budgets, and unsolved railway problems, and provinces and municipalities spending themselves into bankruptcy.

The first 3 of these articles are here combined in one, with the balance to be published in a subsequent issue.

By STEPHEN LEACOCK

I

The Dominion

It has always been understood that the last straw breaks a camel's back; and when the burden is added, not straw by straw, but a whole bale at a time, then even so stout a young camel as the Dominion of Canada must go under.

Till the last few years the increasing burden did not matter much, or at least created no immediate problem. The camel grew as fast as the straw. National growth permitted national extravagance. It seemed possible even to discount the future to any extent. Extravagance could easily outrun national growth by making a draft on the still further growth expected. The Canadian Government, and those of the provinces and the municipalities, were led into huge borrowings, accompanied by open-handed and often crooked-handed expenditure, which has piled up a debt greater than can be paid.

Railway Drain Greatest

Greatest of all has been the vast and increasing drain of national resources represented by the Canadian National Railway system, a flow still moving beneath and behind the concealing growth of pretence and make-believe that obscures its origin and nature. If the Canadian camel does indeed break down, it will be on the flood of railway debt that its carcass will be carried away.

It is difficult to over-estimate the gravity of the situation in Canada. Readers of balanced intelligence are apt to be repelled by superlatives and scare-heads. But the situation is one in which a few more false steps may reach the edge of the abyss of bankruptcy, and in which the path of salvation is arduous in the extreme.

It must be remembered that it is no longer possible to separate the financial outlook and the financial stability of the Dominion from those of its provinces and their municipalities. The scale of public expenditure in both the latter is now so vast, and includes so much, such as public relief, that is of national import, that their collapse would drag down the credit of the Dominion with them. Each is compelled to be its brother's keeper and the prospect is that certain of the provinces, and at least one of the greatest municipalities, need "keepers" in the plain old sense.

Many Assets Inactive

The broad features of the Canadian situation at the time when Mr. Dunning's first budget was presented this spring to Parliament, may be easily summarized. The Dominion of Canada had, as at March 31, 1936, a gross debt of $3,432,000,000. From this is deducted in the public accounts a number of items called "Active Assets," a total of $424,000,000. Some of them are active enough, as, for instance, the $24,000,000 of cash, working capital, advances, etc. But others, such as the money lent to Greece in 1919, and the money advanced to the Soldier Settlement Board and the money advanced to the provinces, seem a little paralyzed in their activity. The assets in reality could be scaled down by 75%.

To this main debt is to be added the funded debt of the National Railway amounting in all to some $1,155,000,000 and as much a part of the debt and the public obligation of Canada as any other of its borrowings. The Government prefers to write it down on a page by itself—just as old John Willet, of Barnaby Rudge, grown witless, wrote up "scores" on a slate against his cronies of the Maypole Inn. The true debt of Canada, at the present time, can be set at approximately $4,163,000,000.

Nearly 40% For Interest

To this Dominion debt are to be added the provincial debts of the 9 provinces, representing a total of $1,415,000,000. We must add to this again the debts of the municipalities which have now become one of the chief perplexities and chief dangers of Canadian public finance. The total of municipal bonded debt may be put at $1,386,000,000.

For the proper interpretation of the significance of this enormous total of public debt it is necessary to see what proportion the annual charge thus created bears to public revenue and other public expenditure. From the latest statistics available it appears that the total revenue of Canada (1935-36) was $372,000,000; that of all the provinces, from the latest financial year available for each, was $161,000,000; that of the municipalities $285,000,000, a grand total of $818,000,000.

Of this revenue the Dominion spent 46% in paying interest on debt, the provinces 37%, and the municipalities 24%, or putting all debt-charges and revenue into a single gross total, the country at large raised a revenue of $818,000,000 and spent 37% of it in paying interest. It is, however, a peculiar feature of Canadian finance that the Dominion pays annual "subsidies" to each of the provinces and hence, in the calculation above, the amount of these subsidies ($16,578,000 in 1934-35) has been counted twice over as revenue. Correcting this error would raise the percentage of Canadian revenue spent on debt charges by about .8.

Vast Debt Increase

A similar calculation should be made for the advances made by the Dominion to the provinces, and spent by them as revenue, and to the municipalities. Exact computation is not possible in the limits of this survey; but at least it would appear that the plain calculation made at first is an understatement of the public burden involved.

The vast increase of debt, of expenditure and of taxation in Canada is a thing which Canada shares with all other modern governments. It has arisen in part from the expansion of the functions of government in a world of industrial and social advance, in part from the burden of war expenditure and from the pensions arising from the War, a debt of honor which no one should wish to repudiate or to curtail. But in the case of Canada the contrast is especially great when we compare the financial situation at the making of the Confederation in 1867, or at the opening of the present century, or even at the opening of the Great War, with that of today.

$27.73 Per Capita

In the first year of the Confederation the gross debt was only $93,000,000, and the interest only $4,500,000; or $1.28 per head. In 1900 a gross public debt of $346,000,000 called for interest at the rate of $2.02 per head; and in 1913-14 the gross debt stood at $544,000,000. The expansion of population, however, had cut the per capita burden to $1.87 and the even greater expansion of wealth and industry rendered it easier than ever to carry. At the present time the per capita charge to pay interest on the so-called gross debt of $3,342,000,000 is $11.44 and, with the addition of the charge on railway debt, provincial debt and municipal debt, the cost per head in Canada averages out at $27.73.

The growth of public expenditure is equally striking. The Dominion in its first year spent only $13,000,000; in 1900 this had increased to $52,000,000, to $163,000,000 before the War. Mr. Dunning's Budget of this spring showed Dominion public expenditure for 1936-37 as estimated at over half a billion dollars. Nor is this to be accounted for by the rise of prices. According to the tables of the Dominion Bureau of Statistics, a body second to none in economic activity and accuracy, wholesale prices at Confederation were higher than they are now. With the year 1913 as the 100 basis, Confederation prices stood at 133, and "war peak" of 1920 at 243, and those of 1934 at 111.

Much Extravagance

It is to be further noted that in the case of Canada a greater part of the public debt of the country at large and a great part of its swollen current expenditure does not originate from the expanded functions of government or the cost of war. It represents nothing but waste, extravagance, and worse, together with the terrible burden imposed by the dead weight of the Canadian National Railways. Almost every city in Canada over-expanded itself; over-built itself; over-burdened itself; every province over-pledged itself; and, at the keystone of the arch, the Dominion government has led the way in sowing broadcast the wild oats of over-expenditure and over-borrowing.

The peculiar methods of government bookkeeping in Canada have long helped to conceal the increasing difficulty of the situation. There has never been a rigid and accurate distinction between what is capital expenditure and what is current; or what is a receipt on capital account and what is true revenue. Many items are carried by the government as assets for which there is no longer any property represented. The 70 odd vessels of the Canadian Government Merchant Marine fleet—built just after the War, but now all sold—are still carried at their original cost of $54,000,000.

Dual Bookkeeping

The same difficulty of distinguishing between current expense and capital expense—the one calling for taxation, the other inviting new borrowing—runs through all the history of public works and railways in Canada. In the case of railways, no one but an engineering expert can distinguish between maintenance properly payable out of annual revenue and construction payable out of borrowed capital. Hence, the process of concealing an annual deficit may be carried on successfully until the point is reached when further borrowing becomes difficult and then impossible and the interest charge can no longer be met. This is the point reached by at least 2 of the provinces and by the City of Montreal and marks the edge of the abyss toward which the Dominion is in danger of being drawn.

Finance of Despair

The same failure to distinguish capital from revenue accounts appears in the method recently adopted in the Dominion's Budget in setting aside huge items marked as "Special" and paid, presumably, by borrowing. Thus in the current Budget which shows a total year's expenditure of $534,000,000, no less than $103,000,000 is marked as "Special" being spent on unemployment relief, on Special public works, and on wheat bonuses. The Finance Minister, as it were, washes his hands of it.

It may be said that this is merely a finance of despair, resulting from the overwhelming force of the industrial depression, the spread of unemployment and the cessation of immigration and the consequent collapse of transportation and land settlement. This is no doubt true, but it is of no service to pretend that such things as the relief of current unemployment are any different, as a matter of dollars and cents, from any other annual charge. The Canadian ostrich would do better to lift its head up from the sand.

* * *

II

The Provinces

In the case of each of the provinces of Canada the situation is analogous, in a greater or less degree, to that of the Dominion. In all of them high expenditure, an over-readiness to borrow in good times, followed by the fall in revenue brought about by the industrial depression, have created an acute financial situation.

As stated above, the provincial debt of the nine provinces represented a total of $1,415 millions. This is distributed as follows: Ontario, $615 millions; Quebec, $146 millions; Nova Scotia, $67 millions; New Brunswick, $56 millions; Manitoba, $114 millions; British Columbia, $134 millions; Prince Edward Island, $3.6 millions; Alberta, $136 millions; Saskatchewan, $143 millions.

It has been a feature of Canadian finance that the provinces obtain a part of their revenue as subsidies from the Dominion. This originated at Confederation, when the transfer of all customs and excise duties to the new Dominion Government left the provinces without adequate sources of income. At that time the subsidies ($2,228,000 in 1868 and about $3,750,000 after Manitoba, British Columbia, and Prince Edward Island were included) amounted to about 50% of the provincial revenue.

The subsequent development of corporation taxes, inheritance taxes, and taxes on motors and gasoline, has rendered the subsidies a less important part of general provincial revenue, at present about 7% of a total revenue of $200 millions. But the arrangement still has the unfortunate result of making the Provincial Governments look to the Dominion for money, perpetually clamor for further grants, and lose that proper sense of responsibility which alone can control public extravagance. Moreover, the present perplexities of the provinces have driven them to "borrow" special grants of money from the Dominion—about $139 millions having thus been advanced in the last 5 years. Hence the present situation.

One province, Alberta, has already gone under, as far as public faith and credit are concerned. The forced conversion of its $160 millions of funded debt from rates between 4 and 6% interest to a rate of 2½, is, in plain terms, repudiation. British Columbia is at the same time being carried to the brink of the fall, over and beyond which must lie a confused maelstrom of troubled waters.

* * *

III

The Municipalities

The municipalities of Canada are in a critical condition. Their total bonded indebtedness is over $1,000 millions. For Montreal it is $272 millions, for Toronto somewhat less than $200 millions, and for Winnipeg, between $60 millions and $70 millions. The implications of this situation are shown strikingly in a special report presented in the current year by a university economist for the Dominion Conference of mayors.

The table shows this debt as provided by provinces, by chief cities, and in relation to population.

Fears Further Depression

These debts bear a high rate of interest, the borrowings having been made in the boom times of reckless, extravagant and crooked city finance. The securities are, for the most part, long-time obligations and there is no escape from paying the interest except to repudiate all or part of the debt. This is what will possibly happen in many Canadian cities in the near future.

The reason is that the source of revenue is drying up. In Canada this main source of town and city revenue is, and always has been, a tax levied as a percentage of the capital assessed value for real estate. It differs from the British local rate in being levied on the supposed fair selling value of the property, not on its annual return. Hence, unoccupied property that brings no current return is taxed just the same as if bearing revenue.

Volume Drying Up

Even property that is virtually unsalable because nobody wants it to rent, and of which the current return is nil, still carries its assessment and its tax. The report in question shows that the tax rate per $1,000 in Canadian municipal taxes runs from 18 to 55; in Montreal it is 27.7, and in Winnipeg 34.5 mills. Such a charge is evidently up to the carrying limit of ordinary house and business property. It must, of course, be understood that this rate, in and of itself, tells nothing unless one knows at the same time to what extent the assessed value corresponds to the true commercial value.

Assessment Is High

Very often in the past, both in Canada and still more in the United States, assessed values were so low that the rate was impossibly high, in appearance, but in reality quite easy to bear. That situation no longer exists. The great fall in values during the depression has not been accompanied to any great extent by a fall in assessment.

Hence, in many cities, as in Montreal, the assessed value is greater than the price that could be got even at a sale under fair conditions of notice and delay. The report quoted above shows that in the city of Montreal the taxable assessment on real estate was $1,277 millions in 1931, and $1,250 millions in 1936. The true market value has, of course, fallen much more than this.

Business Forced Out

The municipalities, especially in recent years, have opened up other sources of revenue in the form of licenses, amusement taxes, sales taxes, and even, as a last straw, municipal income taxes. Montreal now levies an income tax on all resident salaried and businessmen at a rate of 10% of their federal income tax. These supplement taxes are also at the breaking point. Business, where it can, is moving out of the city into the untaxed country.

The financial situation of Montreal is reflected in a petition presented to the Government of the Province of Quebec by a committee of leading Montreal citizens last May. It says, in part:

> "The total debt has increased in 15 years from $119 millions to $272 millions. During the last 10 years Montreal has accumulated a debt equal to that contracted during the 284 preceding years.... Almost 50% of the available revenue is absorbed by interest and sinking fund."

During the same month the retiring president of the Montreal branch of the Manufacturers' Association was reported as saying that city bankruptcy was certain unless the system of administration was changed. "The subject at issue," he said, "is a grave one to all, namely: Is Montreal to maintain her financial integrity and reputation, or is the question of repudiation coming to the forefront, with all that it entails in the flight of capital and industry from the city?

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MUNICIPAL DEBTS IN CANADA

	Population (1931)	Municipal Debt (1933) $
Ontario	3,432,000	494,000,000
Quebec	2,874,000	480,000,000
Nova Scotia	513,000	34,000,000
New Brunswick	408,000	25,000,000
Manitoba	700,000	96,000,000
British Columbia	694,000	128,000,000
Prince Edward Island	88,000	2,000,000
Alberta	732,000	70,000,000
Saskatchewan	922,000	57,000,000
TOTAL	10,363,000	1,386,000,000

Cities	Population (1931)	Debt $
Toronto	631,000	180,700,000
Hamilton	156,000	28,600,000
Ottawa	127,000	23,800,000
Montreal	819,000	266,200,000
Quebec	131,000	37,900,000
Halifax	59,000	15,100,000
St. John	48,000	9,100,000
Winnipeg	219,000	64,900,000
Victoria	39,000	16,400,000
Vancouver	247,000	67,000,000
Charlottetown	12,000	2,000,000
Edmonton	79,000	32,800,000
Calgary	84,000	21,500,000
Regina	53,000	16,900,000
Saskatoon	43,000	16,400,000
	2,747,000	799,300,000

Farm Scheme Would Absorb Many Jobless

See 45,000 Single Adults Given Winter Work

BONUS EMPLOYERS

From Our Own Correspondent

OTTAWA. — Forty-five thousand single adults will be absorbed by the farm improvement and employment plan this winter, the National Employment Commission estimates after consultation with the provinces.

A further large number, possibly 25,000 are expected to be absorbed into other primary industry through schemes now being worked out by the provinces, it is believed.

It is proposed to get along this winter without reopening relief camps. There may be a few work camps, and if all the homeless unemployed are not absorbed by the farm and other primary industry programmes, a few training camps may be set up.

Province and Dominion will each share one half of the cost. It is proposed to pay each farmer who takes a man for the winter $5 a month. The man also gets $5, and an additional bonus of $2.50 a month if he stays the winter.

To Save Money

The province will pay for the administration. The Dominion and province will share the cost of transporting the men to and from their winter homes.

Last year the average cost of supporting single homeless men in camps exceeded $20 per month, and in some places ran as high as $40. It is expected to provide more satisfactory homes in the new method at a cost not exceeding $15 a month to the governments.

Easy Washing Profits Rise

Sales and Earnings Reported Up 35% This Year

Easy Washing Machine Co. has had an increase of about 35% in sales and profits this year to date. In 1935, net profit amounted to $5,926 or 78 cents a share on the new preferred stock of $10 par value.

The company's bank loan is understood to have been reduced to about $17,000, compared with approximately $20,000 at May 31, 1936, and $18,000 at the close of 1935.

Canadian Salmon Exports

B. C.'s salmon fisheries support an important canning industry. During 1935 44 salmon canneries were in operation and produced 1,529,022 cases of the canned product.

B.C. May Vote Within a Year

Pattullo Government is Heartened By Recent Election

From Our Own Correspondent

VANCOUVER.—As a result of the recent by-election in Vancouver-Burrard the Pattullo Government will probably go to the country within a year.

By electing its own candidate, J. Howard Forester, with 7,449 votes, as compared with 7.072 votes for Dr. J. Lyle Telford, of the C.C.F., and Dr. Frank Patterson, Conservative, the Liberal party was greatly heartened.

A few months ago election of a C.C.F. candidate in Burrard had been generally expected, but the split in the party, which resulted in expulsion of Robert Connell as leader because he had criticized the Communistic policies of the new executive, undoubtedy was the chief factor in wrecking that party's chances. Telford was chief spokesman for the extremist wing of the C.C.F.

The fact that the 2 old-line parties recorded nearly double the vote of the C.C.F. and Socialists provided basis for the belief that B. C. is tiring of its more fantastic experiments in economics and politics.

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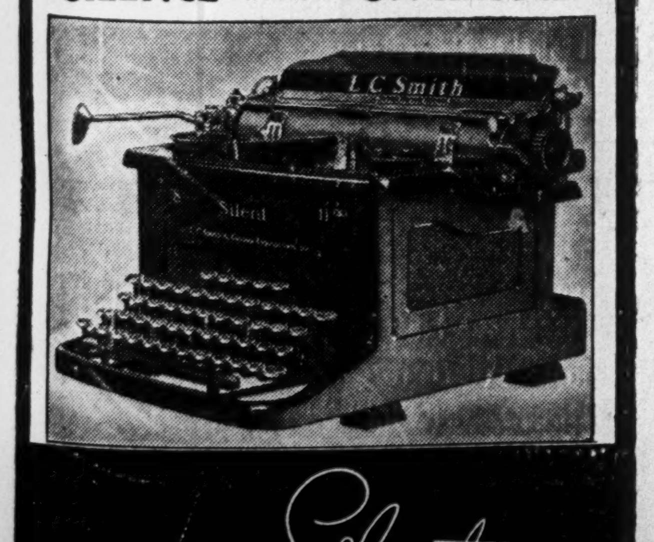

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Investment Trends

Purchase of Stocks Increasingly Popular

Economic and Stock Market Analysts Still Favor Equity Investments — Petroleum Shares Disappointing This Year

Among basic factors pointing to further economic recovery, to the benefit of common shares, is the accumulation of deferred replacements of capital equipment. One investment analyst comments that this accumulated demand and other factors point to an eventual period of trade and speculative activity considerably above any yet registered since 1932.

Devaluation of the franc is expected, as has been the case for more than 2 years. It would probably relieve strains on France's internal economy and lessen political tension. If it does not come soon, however, the alternative for France appears to be internal class warfare.

The high quality of this year's small western wheat crop coupled with improved prices will sustain general purchasing power in the Prairie Provinces. But some areas and individuals are hard hit by crop losses, and grain and elevator companies face unsatisfactory volume in the current year which ends July 31, 1937.

Feeling in some stock market circles that the cream is off senior gold shares seems to be growing. Speculation in "penny" mine stocks continues, however, and there is some justification for this in the fact that it is easier to develop profitable ores with gold at $35. The risks, of course, are high.

There has been an inflow of securities to Canada from both the United States and Great Britain in recent months. While this may account in part for the lag of Canadian stocks behind Wall Street, markets in this country appear capable of absorbing offerings. It is some deterrent to advance, however.

Buying Stocks

PROFESSOR O. M. W. SPRAGUE, of Harvard, formerly adviser with the Bank of England and the U. S. treasury, this week made the headlines with a statement that under present conditions common shares offer greater safety than bonds or preferred stocks. The conservative investor would be well advised to apply this only to high quality, dividend-paying equities and to remember that it will not always be so.

Dr. Sprague was testifying on behalf of Massachusetts Investors Trust, with which he is associated, in an investigation by the U. S. Securities and Exchange Commission into investment trusts. He suggested that the full inflationary effect of devaluation of the dollar has not yet been felt and that recovery will be reflected most fully in common stocks. That is, the income from preferred stocks and bonds will not rise but is actually being reduced by refinancing; the purchasing power of the reduced money income may fall; and one of the few places to try for increased income is in common shares.

The average investor today is continually asking for recommendations of common stocks "for income and appreciation in value." Dr. Sprague points out that income is the prime requisite, and it might be added that if the income from stocks rises, there is no surer way of increasing the market value. For the investor who is in doubt, one of the safest ways of purchasing common shares is to stick to the leaders, even though the possibilities of capital appreciation seem less than in riskier issues. To bank on capital appreciation alone without concern for income is speculation rather than investment.

* * *

Markets Strong

MONTREAL Stock Exchange average for industrial shares has at last broken through 80, and the Toronto Stock Exchange industrial index is within striking distance of its high for the year. Textiles have been a drag on the Montreal average and apparently there is still room for improvement in quotations for shares of Quebec utilities.

Movements of averages into new high ground must be regarded as an indication of underlying strength and of absence of the factors that ordinarily make for widespread liquidation.

* * *

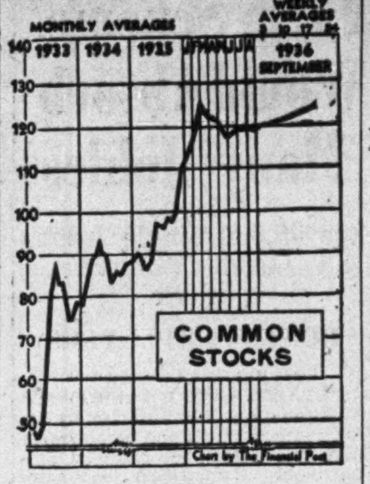
Oils Sluggish

THIS year's action of oil shares has been disappointing to many investors. Imperial Oil and International Petroleum shares, for instance, have made little progress this year. It should be noted, of course, that this is common to most oil shares in both Canada and the United States. Dominion Bureau average for oil shares is about 5% below the January level. In New York, oils have failed to recover from last April's market slump as much as other shares.

The tendency of oil shares to sag seems to indicate a diminution of investment optimism over the possibilities in the industry. One factor in this is that the days of skyrocket expansion in consumption may be past, that comparative stability is now to be expected. More important, however, are prices and production. Only by strict rationing of American production has it been possible to maintain profitable prices for petroleum. Recently the control system has worked well, according to oil men, and they see little possibility of oil warfare. However, there is always the apprehension in the back of the investor's mind that control may break down. Even though this does not happen, further improvement in the price of crude oil may be prevented by the political influence of consumers.

There are special reasons, of course, for such a high yield as prevails on International Petroleum shares. Of the annual payments of $2.50 a share, the last statement showed $1 coming from surplus. While such payments can be continued in excess of earnings for several years, earnings from petroleum will have to rise eventually to justify them. Perhaps the conservative investor would be wise to regard $1 a share of such dividends as a return of capital from wasting assets.

Despite the limitations of the oil industry and the problem of controlled production in the United States, however, major companies have amply demonstrated their ability to make profits in good times and in bad.



MARKED RISE

Price level of common stock rose to 123.8 for the week ended Sept. 17, as measured by the Dominion Bureau index. Comparative indices are tabulated on this page.

Niagara Wire Weaving New Stock Put on Lists

From Our Own Correspondent

MONTREAL. — Niagara Wire Weaving Co. new common stock has been listed on the Montreal Stock Exchange. The listing covers 118,000 shares of no par value.

Since July 20 last the stock has been traded on a "when, as and if issued" basis. At that time the company received supplementary letters patent changing its authorized common stock from 62,000 to 124,000 shares of no par value.

St. John's Would Make $100,000 Improvements

The city council of St. John's, Newfoundland has requested permission of the Commission of Government to raise a loan of $100,000 or more to effect civic improvements.

Defer Claim Canadian Car

No Decision Until New Commissioner Looks Over Evidence

From Our Own Correspondent

MONTREAL.—Decision on Canadian Car and Foundry's claims before the German-American Mixed Claims Commission for alleged sabotage of the Kingsland plant during the war, has been held over for another month in order to enable the newly-appointed United States Commissioner to study the long and involved background of evidence.

The Claims Commission had set hearing on September 17 for final consideration of 154 cases revolving around the Black Tom and Kingsland explosion as a result of which Canadian and American claimants seek damages aggregating $50 millions. Canadian Car's original claim was for $11 millions.

Chandler P. Anderson, American Commissioner for many years, died in the midst of negotiations with the Gomern government, which were aimed to the compromise settlement.

Ready Next Month

Christopher B. Garnett, former chairman of the Virginia State Corporation Commission, who was named by President Roosevelt to succeed Anderson, is now engaged in the study of evidence and previous decisions in the case and expects to be ready to participate in the Commission's work within a month.

There is a report that a compromise settlement was arranged by the Commission and that Canadian Car will receive about $6.5 millions. While expenses and other charges incidental to the claim would reduce Canadian Car's net award to a much smaller figure, the money received would greatly strengthen the company's finances which have been depleted as a result of little or no business for several years past.

Montreal Brokers Cut Interest Rate

From Our Own Correspondent

MONTREAL. — Montreal Stock Exchange announces a reduction in the rate of interest charged to the clients of member firms from 5½ to 5%, effective from the beginning of September.

This is the lowest interest rate charged to clients since 1909, when a 5% rate was in force from January to November. In November, 1909, it was raised to 6% and has not touched 5% since. The current reduction marks the fourth cut in the rate in less than a year. On November 1, 1935, a rate of 6% became effective; on January 1, 1936, it was reduced to 5¾% and on June 1 last to 5½%.

National Grocers Silent on Arrears

Regular Dividend Declared on Preferred Shares for Oct. 1

Directors of National Grocers Co., Toronto, last week declared the regular dividend of $1.75 a share on the preferred stock payable October 1 to shareholders of record September 24. But no announcement was forthcoming regarding arrears.

Something concerning this matter was expected from the meeting. However, The Financial Post understands that the matter of an arrears settlement was not discussed.

Payments on the preferred shares have run as high as $10.50 a share in recent years, including payments on arrears. Arrears have been reduced to $31.50 a share.

As long as arrears are outstanding on the preferred, it is not possible to pay dividends on the common shares. Consequently, recent discussions of the possibility of some plan of capitalizing the arrears have strengthened the common shares.

Jamaica P.S. Paying More

Jamaica Public Service Raises Dividend — Plan Further Growth

From Our Own Correspondent

MONTREAL.—Directors of Jamaica Public Service Co. have declared a quarterly dividend of 43¾ cents, bringing the annual rate from $1.50 to $1.75 a share.

The increased disbursement was not unexpected, as earnings of the company have been running substantially in excess of the dividend rates for some time. During the 12 months ended July 31, 1936, earnings were at the rate of $2.27 a share after all prior charges and deduction of an amount equal to $2 a share for reserves for depreciation and renewals. In the preceding 12 months, net earnings were equivalent to $2.05 a share.

Dividends have been paid on the common stock at the rate of $1 a share annually from October 2, 1930, to the quarter ending September 30, 1934, when the rate of $1.50 was inaugurated.

Coincident with the announcement of the dividend increase, Russell D. Bell, president, states that directors had approved a general rate reduction in the Kingston area, this being the fourth reduction in rates in recent years.

The board also has approved contracts for an additional steam turbine with a capacity of 2,600 h.p. to be installed at the Kingston steam plant, bringing the total installed capacity of steam and hydro-electric power at Kingston to 9,800 h.p. This increase in generating capacity will involve an expenditure of approximately $225,000 and will be met out of the company's current cash, no new financing being required.

Montreal Power Defends Record

From Our Own Correspondent

MONTREAL.—More than 100 new industries have located in Montreal Light, Heat and Power's territory since April, 1930, according to a statement issued by John S. Norris, president of the company, refuting the claim made by the chairman of the executive committee of the Montreal city council that endeavors to bring manufacturers to Montreal were useless, due to the power rates prevailing in the city.

"No one has yet named, or can name a single industry which has been lost to Montreal because of the price of power here," said Mr. Norris. "Moreover, Montreal Light, Heat and Power has in recent months brought to this territory several industries in direct competition with other localities in other provinces.

"It is not generally understood that, except in a few industries, there is no direct relation between the cost of power and manufacturing costs. For instance, Montreal Power has the diversified industrial load, yet the cost of power to 95% of our industrial customers is less than the wages which would have to be paid to a fireman to stoke a boiler.

"Industries have left Montreal due to geographic or economic considerations without one industry having stated the power rates as being the reason for its removal."

Fanny Farmer Sales Up 15.3%

Year's Volume Promises to Surpass Record Set in 1935

Sales of Fanny Farmer Candy Shops, Inc., for the first 8 months of 1936 were $3,238,392. This is an increase of 15.3% over the same 1935 period, which, in turn, represented an increase of 13.3% over the first 8 months of 1934.

Highest sales in the company's history were achieved in 1935, when the total reached $4,818,000. If this 8 months increase continues, the total for the year will be close to $5.5 millions. In 1934, total sales were $4,184,000.

Profits Maintained

Net profits, after all charges, amounted to $501,000 or $1.28 a share in 1935, compared with $412,379 or $1.06 a share in 1934. This year's results, therefore, promise earnings of well over $1 a share on the present stock.

There are hopes that the recent bonus dividend of 12½ cents a share will become a regular quarterly affair, placing the shares on a regular basis of $1 a share annually. This is not regarded as a certainty, however, as is shown by the price of $17½ for the shares. At this figure, the yield would be more than 5.6% on a dividend of $1 a share, which is considerably higher than for the average well-regarded equity security on Canadian markets.

Effect of Tax

It must be remembered in calculating yields that the U. S. government deducts a tax of 10% on dividends paid by U. S. companies to Canadian shareholders. This means that 10% should be deducted from any yield calculation under present conditions. If the U. S. tax on dividends paid to outsiders is reduced to 5%, it would mean a deduction of 5% from the yield calculation to arrive at the true net yield to the investor.

Investment Notes

National Breweries — "The common is a sound equity, yielding a satisfactory return; retention of present commitments is advised," says an American statistical service.

* * *

Niagara Wire — The preferred which is to be redeemed at $60 a share Oct. 1 is convertible one share into 2 common up to that time. This means the holder has a call on common shares at $30 each. Brokers are advising retention of the preferred up to the last few days, and incline to favor conversion, or even purchase of the common stock for investment. Around $32 the common yields 5% on the basis of quarterly dividends of 40 cents each. Increasing consumption of newsprint has increased the company's business in supplying wire mesh for newsprint machines.

* * *

B. C. Power—Prospects are that the company will show a further increase in net revenue for the year ended June 30. In its first 2 months, the company had a good start, gross being up $217,000 and net revenue up $45,000 over last year. Earnings on the class A stock were $1.64 a share last year, against total dividends of $1.52½. On the present dividend basis of 40 cents quarterly, the shares, around $31, yield over 5.1%.

* * *

International Nickel—New York continues to wonder whether the shares are worth current prices, but is impressed by Canadian buying, and by the fact that Canadians have been right in their appraisal of the company's possibilities.

* * *

International Bronze Powder—The 6% participating preferred stock has come in for more market attention of late and currently is selling around 29. This stock is non-callable, but in case of liquidation or bankruptcy the holder is entitled to $30 a share before distribution is made on the common. In last week's issue of The Financial Post it was erroneously stated that the stock was callable at $30 a share.

* * *

Geo. Weston—Number of holders of common shares has increased about 50% since the first of this year. This is reflected in increased stock market activity which, in turn, tends to popularize shares for investment.

* * *

Canada Bread—Initial dividend of 50 cents a share on the new B preferred stock, payable Oct. 1, is at a rate of $2 a share annually. The shares carry a cumulative dividend of $2.50 each. Arrears after the Oct. 1 payment will be $2.62½ a share. Calculating at the $2 rate, the yield at $45 a share is 4.4%. Deducting $2 for arrears from the price of the shares, and calculating on payment of the full $2.50, yield to the buyer would be nearly 6%.

* * *

Burry Biscuit — Detroiters who were interested in floating the convertible preferred shares this year, and who hold common stock, are optimistic over the possibilities of the enterprise.

* * *

G. Tamblyn—Recent rise of the closely held common shares above 60 brings to mind the fact that buyers of the preferred with bonus common shares at the original offering in 1928 have never been in the position of seeing their combined purchase of common and preferred shares selling at a discount.

* * *

Canadian Canners—Conditions of modest crop supplies this year continue to indicate more favorable possibilities, especially in disposal of inventories and this year's pack at profitable prices. Last year's earnings were 19 cents a share on the second preferred. Strength of these shares is based on the supposition that if marketings turn out as favorably as expected dividend payments may be possible.

* * *

Hudson Bay—Acquisition of 1,000 shares of Hudson Bay Mining & Smelting in the first half of 1936 is reported by Utility Equities Corp., American investment trust. This doubled the holding of H. B.

* * *

Canadian Car—Market value of Canadian Car stocks slipped off fractionally this week on announcement that the new commissioner named to the German-American Mixed Claims Commission is going to take a month to look over the evidence before arriving at a decision. The delay was not altogether unexpected and all going well the company will know next month whether it has been successful in a claim which has been pressed for more than 10 years.

* * *

Hiram Walker - Gooderham & Worts—F. K. Morrow, a director, bought 655 common shares and also holds 276 Walker's preferred shares.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 15	Pulp and paper 6	Milling 5	Oils 5	Textiles and clothing 11	Food and allied products 18	Beverages 9	Total industrials 89	Total utilities 23	Total co's. 112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	158.7	151.7	200.0	57.0	126.1
March	136.5	18.5	88.7	237.3	73.1	153.0	140.1	194.8	55.5	122.8
April	131.7	17.5	91.0	244.5	71.3	150.7	131.7	194.2	53.2	121.4
May	125.1	16.7	87.3	234.0	68.1	145.7	131.4	187.9	52.5	117.9
June	125.3	17.5	86.5	228.1	67.4	149.2	129.3	189.3	53.3	119.0
July	126.0	18.6	87.0	224.3	66.8	153.9	131.6	190.1	53.8	119.6
August	128.5	18.0	89.9	218.9	68.0	157.1	135.7	191.4	53.1	119.9
Weekly Figures, 1936:										
Sept. 3	133.3	18.1	90.7	220.4	69.0	159.6	136.9	194.6	53.1	120.9
Sept. 10	135.7	18.8	91.1	219.7	70.0	161.6	136.8	196.9	53.9	122.4
Sept. 17	136.2	18.8	91.0	222.2	70.8	162.9	135.9	199.6	54.0	123.8

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Sept. 22	140.35	140.56	153.75
Sept. 21	139.05	141.06	153.35
Sept. 19	138.59	142.07	150.19
Sept. 18	138.38	142.29	149.55
Sept. 17	137.81	142.21	145.84
Sept. 16	138.39	143.40	148.18
Month ago	133.63	141.12	139.93
Year ago	108.79	104.19	91.00
High, 1936	143.48	150.46	150.23
Low, 1936	125.71	115.97	123.59

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Sept. 22	72.1	80.9	77.9
Sept. 21	72.0	80.7	77.8
Sept. 19	72.2	78.8	77.3
Sept. 18	72.1	79.7	77.2
Sept. 17	71.9	79.0	76.6
Sept. 16	71.7	79.4	76.8
Month ago	70.6	75.5	73.9
Year ago	59.5	57.2	57.9
High, 1936	73.4	80.9	77.9
Low, 1936	67.2	69.5	68.9

SALE

Province of New Brunswick, Canada

$3,500,000.00

SINKING FUND DEBENTURES

The Government of the Province of New Brunswick will receive tenders up to three o'clock P.M., A.S.T., on the 6th day of October, 1936, for $3,500,000.00 Province of New Brunswick debentures as follows,—

Debentures to be dated the 15th day of October, A.D., 1936, interest to be payable half-yearly on the 15th day of April and the 15th day of October, principal and interest payable in lawful money of Canada at the office of the Provincial Secretary-Treasurer, Fredericton, N.B., or at the Bank of Montreal in Halifax, Charlottetown, Saint John, Montreal, Toronto, Winnipeg or Vancouver, Canada.

Debentures to be in denominations of $1,000.00 or $500.00 at the option of the purchaser with coupons attached and may be registered as to principal only on payment of registration fee. Full payment for said debentures to be made at the office of the Provincial Secretary-Treasurer, Fredericton, N.B., upon delivery of interim securities at said office, cost of exchanging interims to be borne by the purchaser.

Interim Securities to be exchanged for Definitive Engraved Debentures on completion.

Definitive Debentures to be delivered to the purchaser at place named by him.

Tenders may be made for said debentures on the basis following,—
Ten year term with interest at 2¾%.
Fifteen year term with interest at 3%.
Twenty year term with interest at 3¼%.

Sealed tenders endorsed "TENDERS FOR PROVINCE OF NEW BRUNSWICK DEBENTURES" should be addressed to the Provincial Treasurer, Fredericton, New Brunswick, Canada.

Tenders must be for the amount offered and must be accompanied by a marked cheque for $10,000.00 to be applied in the case of the successful tenderer as part payment for the debentures. All bids to be made in Fredericton funds.

The above debentures will be issued as authorized by Acts of the Legislative Assembly of New Brunswick for the following purposes,—

Floating Debt	$ 700,000.00
Construction of Government Offices in the Smith Foundry Building	21,000.00
Direct Relief	300,000.00
N. B. Electric Power Commission	479,000.00
Hard Surface Roads	2,000,000.00

A sinking fund of ½ of 1% will be provided yearly during the term of the bonds, plus such additional amount as may from time to time be required by law.

The highest or any tender not necessarily accepted.

CLOVIS T. RICHARD,
Provincial Secretary-Treasurer.

Fredericton, N.B.
September 21, 1936.

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SAFETY
LOWER INTEREST RATES
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Changing market conditions . . . lowering of interest rates . . . improved corporate earnings . . . have created problems for investors. While to many the need of safety remains paramount, others are in a position to take advantage of the opportunity to profit from the appreciation in equities that is taking place.

Depending on individual circumstances it is possible to combine the factors of safety with appreciation of investment through equities. We shall be glad to discuss your investment requirements with you.

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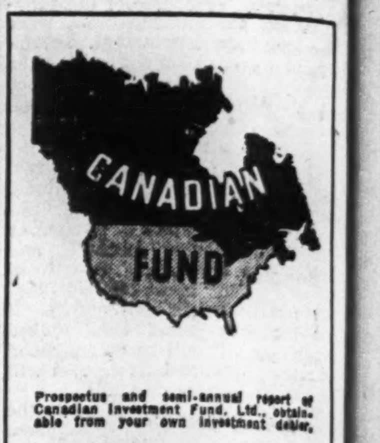
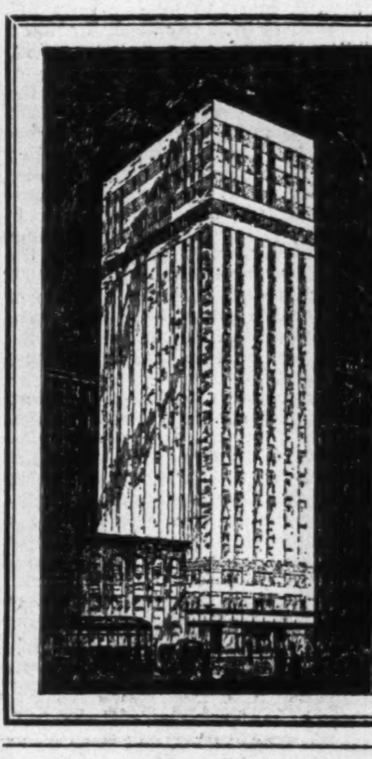


Prospectus and semi-annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.
CALVIN BULLOCK, LTD.



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Real Estate Department

AUSTRALIA and NEW ZEALAND.
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
(With which are amalgamated the Western Australian Bank & The Australian Bank of Commerce Ltd.)

Paid-up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Proprietors	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1935	£115,559,000

A. C. DAVIDSON, General Manager.
747 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.
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20

Bond Markets

Canadian Bond Sales Total $657 Millions

Corporation Refunding Results in Sharp Increase Over First 9 Months of 1935 — Australia Reports Surplus

High-grade government bonds have eased off slightly from their recent highs. Speculative holdings of the 3% Dominion of Canada perpetual bonds are being liquidated and the issue is gradually being digested in investment channels.

Despite the drop in price of high-grade bonds, corporation bonds have continued to forge ahead.

The recent $10 millions issue of Simpsons Ltd. has been almost entirely absorbed.

Newsprint bonds are again attracting the attention of investors and speculators alike and as a result prices have advanced sharply. Abitibi 6's have risen 4¼ points to 58, Consolidated Paper 3½ points to 52½ and M. & O. paper 3¼ points to 40½.

Hiram Walker 4¼% convertible debentures, which are traded on the New York Exchange, have declined as a result of the rumor that the company is considering the retirement of $2 millions of the $8 millions issue. As the call price of the bonds is 104, and the bonds were selling around 108, the decline in price to 105 is not out of line.

Ottawa Valley Power 5½'s have declined 6 points to 70 bid, 75 asked.

New Brunswick is calling for tenders on $3.5 millions of debentures.

An offering of $1.9 millions of 4% bonds of the proposed Port Huron-Sarnia bridge is being offered in Detroit. In view of the record of such enterprises these bonds do not appear to be attractive to investors since they carry a large degree of risk.

Bond Financing

LARGLEY as a result of refunding operations, bond financing of Canadian governments and corporations reached the huge total of $657 millions in the first 9 months of 1936, according to a compilation by Dominion Securities Corp., Toronto. This represents an increase of $207 millions over the corresponding period of 1935. This figure is exclusive of Dominion of Canada treasury bills of less than one year which have totalled $335 millions this year to date as compared with $155 millions in the same period of 1935.

The outstanding feature of the borrowing has been the success of refunding operations of both governments and corporations, which have resulted in marked savings to the borrowers concerned. Continued ease in money rates and substantial improvement in general business conditions have been responsible.

While Dominion Government financing increased slightly, bond sales by provincial governments and municipalities declined so that the total government financing is lower than in the same period of last year. About half of the provincial borrowing was for refunding purposes and the balance was new capital.

Public utility, railway and industrial refunding increased enormously. Railway financing is almost trebled at $133 millions. Of this amount $80 millions represents C.N.R. issues while the balance of $43 millions was for the C.P.R. Practically the entire amount of railway issues was for refunding at substantial reductions in coupon rates.

Details of sales, classified as to borrowers, are set out below:

Sales of Canadian Bonds
9 Months Ended Sept. 30

Borrower	*1936 $	1935 $
Dominion	†282,335,600	271,000,000
Provincial	12,021,000	70,005,000
Municipal	29,717,760	32,682,874
Public Utilities	115,275,000	5,538,000
Railways	133,000,000	48,400,000
Indus. & misc.	84,666,424	22,088,600
Total	657,015,784	449,714,474

†Not including Dominion of Canada treasury bills of less than one year which have totalled $335 millions in 1936 as compared with $155 millions in the same period of 1935.

*Final week of September estimated.

• • •

Australian Budget

CANADA might well take a leaf out of the Australian experience, the budget position of the 2 governments standing in marked contrast.

While Canada last year reported a deficit of $162 millions and budgetted for a deficit of slightly under $100 millions in the 1936-37 fiscal period, the Australian Government reports a surplus of £3,367,000 for 1935-36 and has presented a balanced budget for 1936-37. Total revenue of the Commonwealth in 1935-36 was £82,203,000 and total expenditures £78,636,000.

The net deficits of Australian state governments in 1935-36 were £2,430,000, so that the aggregate results of all Australian Government budgets were a surplus of £1,137,000. Deficits of federal and provincial governments in Canada in 1935-36 were well over $200 millions.

As a result of its excellent budget position the Australian Government has put forward proposals for reduction of taxation, expansion of defense programme, and restoration of certain expenditure reductions. This also is in sharp contrast to the Canadian situation. Recent budgets in Canada have increased the burden of taxation and the prospects are that taxes will have to be increased further in the future unless expenditures are reduced. Certainly restoration of reductions in expenditures cannot be considered.

It will be a happy day for Canada when the minister of finance is able to stand in the Federal House at Ottawa and report a surplus. Even happier will be the day when, after reducing taxation and restoring certain cuts in expenditures, he is able to predict a balanced budget for the next year. Only then will confidence in this country be fully restored.

• • •

Market Trends

THE Alberta situation continues as a source of irritation to holders of western provincial bonds. Not only have Alberta issues eased off from one to 3 points recently, but British Columbia and Saskatchewan issues have also been weak. The latter have dropped one to 2 points.

Eastern provincials have been strong, especially Ontario issues. Prices, however, have eased off slightly from recent highs. Ontario 5's of 1960 after touching 125 dropped back to 123¾.

The trend of the high-grade bond market is indicated below:

The Financial Post Average Price and Yield of High-Grade Government Bonds

1936	Price $	Yield %	1935	Price $	Yield %
Sept. 22	117.71	2.981	Sept. 23	106.69	4.083
Sept. 21	117.71	2.980	Sept. 21	106.57	4.097
Sept. 19	117.75	2.977	Sept. 20	106.57	4.093
Sept. 18	117.88	2.967	Sept. 19	107.16	4.041
Sept. 17	117.86	2.970	Sept. 18	106.93	4.064
Sept. 16	117.91	2.966	Sept. 17	107.36	4.029
Sept. 15	117.83	2.971	Sept. 16	107.43	4.027
Year's	117.91	2.966	Year's	114.97	3.367
Range	111.50	3.597	Range	106.57	4.097

Bond Tenders

3 p.m., Oct. 6, New Brunswick—$3,500,000 sinking fund debentures, dated Oct. 15, 1936, as follows: 10-yr. 2¾ per cent; 15-yr. 3 per cent; 20-yr. 3¼ per cent. Clovis T. Richard, prov. sec.-treas. (See announcement on page 4).

Classified Advertisements

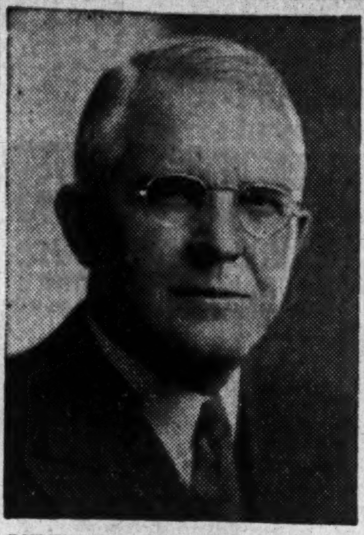
Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads payable in advance.

Position Wanted

YOUNG MAN, 25 years of age, married, with personality and good appearance, seven years' experience in stock brokerage, accounting and office management, seeks opportunity to engage in the business of a reputable brokerage or manufacturing firm. Please write: Box 366, The Financial Post, Toronto.

Executive - Accountant

YOUNG MAN, 29, NOW EMPLOYED, IS interested in making change to position with some firm offering greater future. Eight years office and selling experience and two years as executive. Good character, personality, first class references. Box No. 363, The Financial Post, 481 University Avenue, Toronto, Ont.



NEW PRESIDENT

Rolph R. Corson, president of Rolph R. Corson Ltd., succeeds J. Y. Murdoch as president of the Chartered Trust and Executor Co., Toronto.

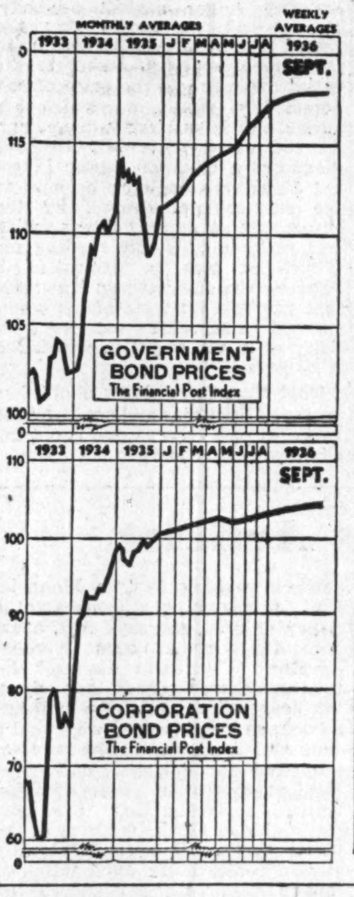
Mr. Corson has been a director of the Chartered Trust for the last 11 years, and has other wide business connections. He is a director of Dominion Stores Ltd., Remington-Rand Ltd., Guelph Carpet Co., Boiler Insurance and Inspection Co. of Canada and other financial and industrial firms.

Mr. Murdoch, who is president of Noranda Mines, is relinquishing a number of business directorships in order to have more time for duties he has assumed as a member of the new Canadian National Railways board of directors.

Delist Ottawa & Hull

From Our Own Correspondent

MONTREAL.—Montreal Stock Exchange announces the delisting of the capital stock of Ottawa & Hull Power Co. This enterprise has been inactive for many years and is no longer of public investment interest.



Simpsons Bonds Taken Up Quickly

Short Term Serials and Most of 15-Year Issue Sold

Quick sale is reported of $7.2 millions of 4¼% bonds of Simpsons Ltd., offered by Wood, Gundy & Co. All $2.8 millions of 3% and 3½% serial bonds were sold prior to offering of the 4¼'s.

Proceeds are being used to retire all the present 5½% and 6% first mortgage bonds. Outside the company's own holdings, there are some $9.3 millions to retire. Total prices of 110¼ and 110½ respectively, including premium of 4%, interest and sterling exchange, are being allowed to bondholders of the 5½% and 6% bonds.

Prospectus information is summarized below:

Simpsons Ltd. Bonds

Authorized, $20 millions; issued, $10 millions.

First Mortgage and Collateral Trust Bonds, Series A.

$1.4 million 3% serial bonds due $350,000 Dec. 1, 1937, to 1940;

$1.4 million 3½% serial bonds due $350,000 yearly on Dec. 1, 1941, to 1944;

$7.2 millions 4¼% 15-year bonds dated Nov. 20, 1936, due Dec. 1, 1951.

Payable June 1 and Dec. 1 in Canada.

Redeemable at 60 days notice at 101 for 3% and 3½% bonds, at 103 for 4¼% bonds to 1941, at 102 to 1946 and 101 thereafter.

Sinking Fund on 4¼% bonds will be $375,000 yearly after Dec. 1, 1945.

Security. First mortgage and charge on all present and future real estate and buildings and equipment and on all securities of subsidiary companies. Net fixed assets $16.6 millions, net current assets $8.1 millions, prepaid expenses $1.1 million, total $25.8 millions.

Purpose. To retire Series A 6% and B 5½% first mortgage and collateral trust bonds due 1949.

Earnings. $2.2 millions average annual earnings for 10 years applicable to average depreciation average of $568,342 and interest requirement of $397,000 on this issue. Depreciation recently at $600,000. Earnings in 1936 to Sept. 2 $194,000 ahead of same period in 1935.

Subsidiary Bonds: Sole other issue is $1.3 million R. Simpson Co. first mortgage 5's due 1952.

Offered: 4¼% bonds at 100 by Wood, Gundy & Co.

Offer Legaré Investors Right to Buy New Bonds

Royal Trust Co., Montreal, has published notice of offering of new 6% first mortgage bonds of Legaré Co. Limited, to holders of bonds of the former P. T. Legaré Co. Holders of the old bonds got $25 of new bonds and $75 of new preferred for each former $100 of bonds under this year's reorganization.

Bondholders may purchase the new 6% bonds at 95 and the buyers receive a bonus of one new common share for each $100 of bonds so purchased. This right extends only to Oct. 12. Creditors who have proved their claims have the right from Oct. 12 to Nov. 2 to subscribe to any of the bonds not taken up by bondholders.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Dom. Canners .	6%	1940	Oct. 1	110
Mt. Royal T.&T.	5%	1970	Oct. 15	105
Can. Cement ..	5½%	1947	Nov. 1	104
Gt. Lakes Pwr..	6%	Serial	Nov. 1	*
Hyd.-Elec. Pr. Ont.	3½-5%	1952	Apr. 1 '37	100
Ottawa L. & Pr.	•5%	1957	Oct. 1	104
McC. Wilson Lumber	6%	1939	Oct. 1	102
Wood, A. & J...	†6%	1944	Oct. 2	103
Dom. Tar, A, B	6%	1949	Nov. 16	103
Simpson's, A ..	6%	1949	Nov. 20	104
Do., B	5½%	1949	Nov. 20	104
Riordon Pulp ...	‡6%	1942	Dec. 31	105

For sinking fund: •$70,000; †$21,500. ‡$81,000.

*Callable on 4½% income basis.

Stock Issues:	Rate	Stock	Date	Price
Ottawa L. & Pr.	6½%	Pref.	Oct. 1	105
Niag. W. Weav.	$3	Pref.	Oct. 1	*60
Stanfield's	6%	Pref.	Dec. 15	...

*Plus 75c. per share representing accumulated dividends to the date of redemption.

Root Petroleum Listed on Toronto

Showed Good Profits in 1935 — Reduced Earned Deficit

On September 7, 1936, 336,045, $1 par value common shares of Root Petroleum Co. were listed on the Toronto Stock Exchange. The company has outstanding 42,845, $1.20 dividend convertible preference stock before the common stock and $81,684 5-year 6% notes issued to stockholders and due July 1, 1940. There are also 40,945 common shares reserved for conversion of the preferred stock. Dividends are being paid on preferred and 25 cents a share was paid on common August 1.

The company was incorporated December 12, 1929, under Delaware laws. The company's operating deficit is $199,762 and that reduces the capital surplus to $534,467. Its net sales in 1935 were $3.3 millions, its gross profits $609,991, its net profits $424,954 and after depreciation, depletion and taxes $225,199, or $147,323 after deducting $77,876 for an extraordinary non-recurring loss on a foreign venture.

Working capital is $842,894, current assets of $1.2 million being nearly half cash and receivables. There is no banking indebtedness in the current liabilities of $309,710.

Officers and directors are as follows: D. P. Hamilton, president; H. Canon, vice-president; T. E. Beaird, secretary; L. C. Hallonquist, treasurer; and Wm. B. Hamilton, J. K. Hall and T. W. Duke, directors. The head office is at 1001 Commercial National Bank Building, Shreveport, La., U.S.A.

Dominion Park Delisted Montreal Stock Exchange

From Our Own Correspondent

MONTREAL. — Shares of Dominion Park Co. have been removed from the official list of the Montreal Stock Exchange. This company owns a large amusement park in Montreal East. There has been no active investment interest in its securities for several years.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Kemptville, Ont.	Sept...	Gairdner & Co.	4½%	1937-56	$38,500	105.27	.....
London, Ont.	Aug...	Sinking Fund	3½%	20-yr.	486,581	.....	.....
St. Agathe des Monts	Sept...	D. Raymond	4%	20-ser.	15,000	100	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Simpson's	Sept...	Wood, Gundy & Co.	3% 3½% 4¼%	Ser. Ser. 1951	1,400,000 1,400,000 7,200,000	100.00	
Stock Issues—							
Murray Aeronautical Corp.	Sept...	Huntley Securities .... With bonus of 1 share of common stock.	6%	Pfd.	9,000 shs.	$10	.....

1832 1936

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YOU cannot buy experience. It is a gift of the years. The successful experience of this century-old Bank is gladly at the disposal of its clients.

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CANADIAN GOVERNMENT AND MUNICIPAL BONDS

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WE ARE GLAD TO MAKE OFFERINGS OF ALL THE MORE ACTIVE CANADIAN ISSUES ON REQUEST

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BELL, GOUINLOCK & CO.
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MONTREAL 25 KING STREET WEST WINNIPEG
TORONTO, CANADA
TELEPHONE: ELGIN 2236

The Biggest Money Crop Since '29!

NET VALUE TO WESTERN FARMERS..... $272,682,474

—a greater figure than any other crop for the past seven years.

These Figures Tell the Story

The value of the crop in the three prairie provinces was arrived at by using the figures of yields in the Free Press final crop estimate. The probable minimum grade has been taken in each case, with the prevailing price at the middle of September.

WHEAT — 217,480,000 bushels. Fort William price 101½c (taking price for average minimum grade). Allow 11c average freight haul. Net price to average farmer 90½c per bushel.................. $196,819,400

OATS—121,107,000 bushels. Fort William price 42½c (taking price for average minimum grade). Allow 5c average freight haul. Net price to average farmer 37½c per bushel..................... $45,415,125

BARLEY — 51,200,000 bushels. Fort William price 57c (taking price for average minimum grade). Allow 8c average freight haul. Net price to average farmer 49c per bushel..................... $25,088,000

FLAX—1,996,000 bushels. Fort William price $1.66 (taking price for average minimum grade). Allow 11c average freight haul. Net price to average farmer $1.55 per bushel..................... $3,093,800

RYE—3,975,700 bushels. Fort William price 66c (taking price for average minimum grade). Allow 9c average freight haul. Net price to average farmer 57c per bushel................ $2,266,149

Total purchasing power to western farmers from grain alone—

$272,682,474

NOTE.—These figures do not include other farm revenues such as poultry, dairying, livestock, etc. It must also be remembered that prices of livestock are more satisfactory, cattle prices are steadier than last year, and hog prices are definitely higher.

In compiling this estimate of the value of the crop in the three prairie provinces, reports as to probable yield and grade were received from 350 resident crop observers. These observers are in close touch with conditions in their own districts; their reports cover the entire wheat-growing belt of the prairies. The final minimum average grade was arrived at by taking these local reports into account, and by consultation with agricultural experts who had covered the territory by personal tours.

The probable minimum grade has been used in each case. Allowance was also made for railway freight charges. The figure for 1936 represents the net value of the grain crop to the farmers at elevator shipping points:

Value 1936 grain crop . . . $272,682,474

Compare this with values for previous years (Dominion government totals for wheat, oats, barley, flax and rye in Manitoba, Saskatchewan and Alberta):

1930	$252,543,000
1931	159,195,000
1932	158,524,000
1933	170,043,000
1934	223,055,000
1935	216,628,000

Estimated Value
1936 crop . $272,682,474

What is the explanation for the increased value of this year's crop? There are two reasons:

1. Better price. This more than compensates for a reduced yield. In 1932, for instance, the yield was considerably larger than it is this year, but the net value was much lower. In that year wheat prices for No. 1 northern went down to 39⅝ cents per bushel. This year the Canadian Government, through the Wheat Board, has protected the farmer by the establishment of a minimum price of 87½ cents a bushel for No. 1 northern.

2. Better grade. The 1936 crop has established an all-time record for quality. *It is the highest average grade of any crop in the history of the West.*

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TORONTO, SEPTEMBER 26, 1936

The Financial Post's Platform for Canada

1. *Balanced budgets, achieved through economies and not by new taxation.*
2. *A "pay-as-you-go" policy in public spending to peg public debts.*
3. *Abolish politics in the C. N. R. to end deficits.*
4. *Appointment, promotion and payment by merit in the public service.*
5. *Integrity in meeting public obligations.*

5. Integrity in Meeting Obligations

IT IS a nice theory that "the King can do no wrong." But the Crown, as represented by a Dominion or provincial government in Canada, can do wrong. And in these years of trouble and stress the sovereign power of law-making bodies and the executive authority of public servants have been used only too often to do injury to people in a way that would have been thought shocking a few years ago.

The Ontario public power system got itself into trouble by unwise buying of power. The Ontario government rescued it by a grossly dishonest act; the cancellation of the contracts by methods perverted in their idea of public morality.

Alberta said it could not meet its bond interest. It had several ways out of its embarrassment—ways open to any honest debtor. One of them was to accept the Dominion's guarantee of its bonds. This would have given creditors a better security even if they got a lower rate of interest. But Alberta merely shouted insult and derision at the bondholders whose money it had once welcomed, offered them less than their contract provided for, and told them to take it or leave it.

These are merely two spot-light examples of distorted ethics in Canadian public affairs in recent years. There have been many less prominent occasions when public bodies have taken the stand that they would live up to any bargains that pleased them well and cock a snoot at bargains that in time proved somewhat onerous to them.

That what the State—meaning the politicians in power at the moment—decrees is the only true right is a fantastic doctrine recently imported into Canada. Such ideas are forced on the people in the dictatorship states of Europe. Even in Canada today some people are willing to believe that anything a government says or does is right and moral; and that there is no right or justice other than that of the party in power. Repudiation of contracts by governments may be justified on such grounds, but the philosophy can have no place in Canada unless British ideas of justice and fair play are first exiled.

There are more than moral issues involved, more than even common honesty and fair play. There is the practical question of the value to a country of keeping clean its credit and its reputation for honesty in financial dealing. It is rather foolish for us in Canada to talk about our marvellous and hardly tapped natural resources unless we think too of where we are going to get the capital to aid in their development. There is a curious anomaly in the picture of a government brutally confiscating present capital on one hand and bowing and scraping to new capital on the other hand. Such a paradoxical attitude is not confined to the one province where money madness and paranoiac politics are on top at the moment. The notion that the way out of depression is to abuse and rob investors whose money is already at work, while holding out an inviting hand to investors who might be induced to take their place, is widely held in Canada.

Every country in the world has gone through serious financial difficulties and in every country there has been a scaling down of interest rates and capital values. In the countries where sincerity and honesty and mutual agreement have prevailed in the process of adjustment there is already an inflow of new capital and a quickening of investment and development. But where politicians have sought to bully their way through by a quick and dishonest shortcut this is not the case.

There are public bodies in Canada whose credit has been adversely affected to a degree that will embarrass them for years to come. And more than the dishonest governments are affected. All Western Canada is today suffering from the odium of a few repudiators. All Canada is injured by the laxity of a few governments in dealing with those who took their word in good faith.

Public policies of abusing and robbing the investor who loaned his money in good faith will not help recovery; rather they will hamper and delay the return of good times.

Other measures, other policies in any platform for Canada will prove ineffective unless they are accompanied by a quickening of public opinion in favor of high standards of integrity in meeting public obligations.

Further policies in The Financial Post's platform for Canada will be discussed in editorials to follow in later issues.

Immigration Into Canada

THIS week an immigration and settlement convention is meeting in Saskatoon. The subject of population is being discussed from many angles. Attention has been paid to Canada's economic need for more people; to land poverty in over-populated Europe, which may have to be relieved by overseas migration; to the need for British stock in Canada to provide us with adequate defense against the military adventures of the hungry or expansionist nations.

Chief opposition to a revival of immigration into Canada comes from the organized labor. But there are others who would keep our doors closed. Dr. John A. Cormie, superintendent of home missions of the United Church, in Manitoba, in the September issue of Social Welfare, argues that immigration provides no remedy for our population in Canada. He contends, from the record, that immigration in the past has brought us no substantial net increase in population. People do not bring work, but work brings people. Let us create in Canada the conditions under which our farmers and others engaged in primary industry can prosper and we need not worry about population, he says.

Dr. Cormie's article is an effective reply to the extremists who would bring new people into Canada by the million with little selection and little direction. But sensible, well-informed students of immigration are offering no such suggestions.

We must create the conditions that will make Canada attractive to people capable of being quickly absorbed into our economic and cultural life. But that is not enough. We must then permit them, in fact invite them to come.

It is not too early to move cautiously but firmly toward the development of an immigration policy. The place to start is in the British Isles where the open-handed co-operation of the British government has been tendered us—and so far refused.

Exit Another Government Paper

ONE of the first acts of Premier Duplessis in Quebec was to abolish the government farm paper, the Journal d'Agriculture. There is expected to be a net saving to the treasury of $100,000 a year as a result.

This is a very wise move. In practically every government in Canada there are publications, run at great expense, which serve no useful purpose that is not being better served by privately edited papers. It is a truism in journalism that if there is any editorial service to be performed a vacuum in that field will not exist for long. The service that is needed will be quickly supplied by some enterprising publisher.

Governments rush in to the publishing business on every foolish occasion that presents itself. Publishing is a profession calling for the same experience in training as any other profession and it is seldom successful when carried on by people who may be good technical men in another field, or good reliable governmental servants in a specialized department.

Canada has so many excellent agricultural journals that there is no need for Quebec or any other province to publish or subsidize any official weak sister. Mr. Duplessis's example in abolishing the Journal d'Agriculture might well be followed by other governments in connection with some of their similarly unnecessary and wasteful publications.

Government publications, having the benefit of bonuses from the treasury, provide very unfair competition for privately owned papers. This is another cogent reason for wiping them out.

"Concealed" Taxation

THE man who buys a package of cigarettes for 20 cents is being fooled. He thinks he is paying a cent apiece for his smokes. What he is really paying is just over 4 cents to the dealer for each package, just under 5 cents to the manufacturer and over 10½ cents to the Dominion government.

Figures presented to the price spreads committee in 1934 gave this breakdown for the 20 cents that a package of cigarettes costs the consumer. To Dominion government:

	Cents
Excise stamp	8
Duty on leaf	1.8
Sales tax	.88
(This would now be higher)	
To manufacturer	4.94
To dealer	4.38

Actually the taxes on a 20 cent package of cigarettes total much over 10.68 cents. There are income taxes, corporation taxes, sales taxes on paper and supplies, real estate taxes, license fees for the tobacconist and dozens of others. In Montreal there is an extra cent city sales tax on a 25 cent package.

The man who buys a package of cigarettes finds on the box a stamp reading:

CANADA Excise
20 Cigarettes

This stamp should read:

CANADA Excise
10.68c taxes paid.

If the smoker were asked to pay 10 cents for a package of 20 cigarettes and then were asked to pay for a 10 cent stamp to paste on the package, he would be made aware of the levy each time he entered a tobacco store.

But that would be visible taxation and people object to the taxes they know about and not to the ones that are concealed.

Editorials in Brief

Only the lame duck depends on Dame Luck.

• • •

When Mr. Aberhart starts drawing his Social Credit dividends he will have to give up his holidays in British Columbia. The dividends will be paid only to those who undertake to spend them within Alberta. And if they are paid in scrip there will not be much doubt on that score. No one outside Alberta will accept them.

• • •

"The Financial Post, an independent Liberal journal which can never be accused of inconsistency in the support of its party."—The Moncton Times.

"The Financial Post, independent in fact but with natural Conservative leanings."—The Yarmouth Herald.

Let's get together on this matter. The Financial Post is independent of any or all political parties.

• • •

The obtusity of German bureaucracy is a byword. A governmental news bulletin sent to this office records a new achievement by the German official mind. In a post office in Berlin West, provision has been made for the exhibition of small films to help customers pass their time while waiting to be served.

In other countries the post office authorities might solve the problem of fretful, waiting customers by speeding up the service.

• • •

Prof. Kasner's discovery that in certain geometrical problems the sum of the parts is greater than the whole is a slight trick compared with the discovery of the Canadian taxpayer that nothing added to nothing indefinitely amounts to a very large total.

The politicians told us that the money spent on the Canadian National would cost us nothing because it would carry itself; that highways, bridges, public buildings, canals, etc., were paying investments representing no tax burden. But added up they represent a heavy weight.

• • •

"But one must wonder who pays the rest," Mr. Henry F. Long, Massachusetts Commissioner of Corporations and Taxation, is reported as saying when informed by Controller Robbins that 60,000 of Toronto's monthly bills for Hydro-Electric service averaged $1.31. Mr. Long's wonderment may be increased when he learns that there isn't any "rest" to be paid by Hydro's Toronto patrons.—The Globe, Toronto.

That is exactly the point. The "rest" is not paid by Toronto's domestic Hydro patrons. Some of it is paid by the taxpayers who have to make up Hydro's share of taxes. Some of it is paid by bondholders who thought that a contract in honest old Ontario was a contract and who put up their money on that assumption. Some of it is paid by industries who pay higher rates in order that home-owners may pay less.

• • •

This week The Financial Post publishes parts of leading editorials from the Winnipeg Free Press and the Moose Jaw Times-Herald concerning Miss Charlotte Whitton's articles on the relief problem in Canada.

Previously we have published extracts from comment made by such prominent Canadian newspapers as the Saskatoon Star-Phoenix, the Edmonton Journal, the London Free Press, the Ottawa Citizen and the London Advertiser.

Miss Whitton's articles have been quoted in numerous other papers.

Such nation-wide recognition is a highly deserved tribute to Miss Whitton's challenging and provocative survey of a grave national problem.

• • •

The recent World Power Conference in Washington brought together engineers from all over the world. The conference dealt with a subject of greater importance than party politics; namely, the creation of wealth. Nevertheless President Roosevelt did not hesitate to use the meeting as a rostrum from which to make a pre-election attack upon the power utilities.

Further than that the little group of Red-minded brain trusters who rule Washington today used the conference every day for their propaganda. After every speech by a guest one of the younger intelligentsia in the government service—all of foreign extraction—jumped up to speak. The same group seized control of the press service. The news releases of the proceedings presented a highly colored series of attacks on private capital.

Post-Scripts

THE other day Newfoundland's Commission of Government held a short meeting whose chief importance, according to Observer's Weekly, of St. John's, rested not upon what was done but on the fact that Sir John Hope Simpson's successor in the Natural Resources Department was present, although in an unofficial capacity, to see how the Government goes about its business.

Tall Robert Benson Ewbank—he is 6 feet 6 inches in his shoes—is a comparatively young man with wide experience in Government offices in India and Africa but although he has held more important positions, that of chief value to him was his brief term as private secretary to Lord Reading when that great barrister was Viceroy. Then he gained an executive experience of a kind that few men obtain.

Most tall men stoop, but not Mr. Ewbank, who carries himself erect. His hair is turning grey but this does not mar a youthful appearance and his manner is quiet and pleasant. He has assumed his active duties as Commissioner for Natural Resources.

Sayings of the Week

"There is no sense in hiding the fact that the world is drifting toward a new irrationalism."—*Lord Snell.*

• • •

"Only the most important business should be allowed to interfere with the chance for an extra laugh."—*Bruce Barton.*

• • •

"In the great age of mankind wealth and art were not enemies; they were mother and child."—*Will Durant.*

• • •

"The trouble with the Germans is that they have always been more ethnical than ethical."—*G. K. Chesterton.*

• • •

"With a small farm in the back-yard the worker would feel he had two strings to his bow."—*Daniel C. Roper.*

• • •

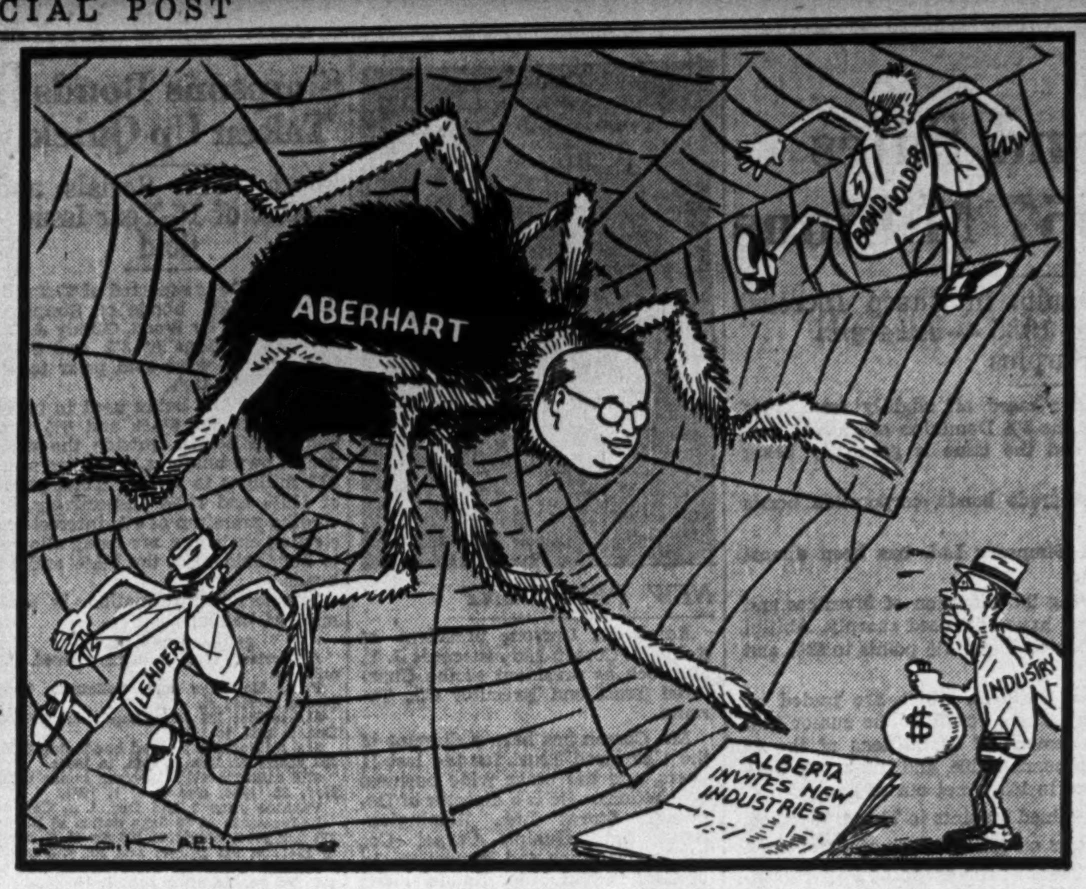
"The public, after its spell of anger, is back at the point where it can be convinced that not everything that is past was bad."—*Raymond Moley.*

• • •

"Public men are afraid to take hold of anything. They are afraid the project will fail, afraid that they will lose power or money."—*George W. Norris.*

• • •

"A governmental bureau is like a camel; his head once in the tent the devil himself cannot keep the rest of him out."—*Col. Frank Knox.*



—*Drawn for The Financial Post by R. Kaell.*

THE SPIDER: "Won't you come into my parlor . . . ?"
THE FLY: "I'd like to, but how do I know you won't treat me like you treated those other fellows?"

Morning Post on Canada

The Financial Post reproduces herewith the editorial which appeared in the Morning Post, London, on the day it published the first of Stephen Leacock's articles on the gathering financial crisis in Canada.

Prof. Leacock's articles will appear in The Financial Post. The first will be found on another page.

Mr. Stephen Leacock is familiar to a very large reading public in this country as a humorous writer of unusual brilliance and versatility. He is less familiar as the Head of the Department of Economics at McGill University in Montreal, less familiar, indeed, than he ought to be, since he is not only a first-rate economist, but also a living witness to the truth that economics is a "dull" science only when the scientist makes it so. Moreover, on all that pertains to the economic life of his own country he is an acknowledged authority.

It is a painful story he has to tell of permeating extravagance in public administration, of a body politic staggering under a load of debt which it has piled up in light-hearted over-estimation of its own strength. Mr. Leacock presses home his indictment with a formidable array of facts and figures, and he lends conviction to his case no less by the weight of the evidence he adduces than by his manifest freedom from all suspicion of political partisanship.

It is, of course, fair to remind ourselves that Canada is not unique in spending beyond her means; few countries since the War have been guiltless in this respect, and our own country, with 1931 fresh in the memory, certainly cannot point an accusing finger against anybody. Nor should we forget that the recent slump bore on Canada with exceptional severity, owing to the catastrophic fall in the price of one commodity, wheat, on which her agriculture is so largely dependent. At the same time, Mr. Leacock diagnoses a situation whose inherent disorders were only brought to the surface, not caused, by the slump. He says many things which will make unpalatable reading for Canadians; but he writes as a patriotic Canadian citizen who feels that the best interests of his country will be served by accurate publicity as to the plight in which she finds herself.

That Canada will surmount her present difficulties and profit by the lesson of past errors there is not the slightest reason to doubt. But even so it is a fine thing that the Press of the country, regardless of past affiliations, should be showing a generous appreciation of Premier Duplessis with such marked unanimity in the evident belief that his actions are for the good of Quebec and therefore for the good of the whole country.

Miss Whitton's Articles

The Moose Jaw Way
Moose Jaw Times-Herald

Charlotte Whitton, well-known social service worker, has written a series of articles on relief for The Financial Post. She contends that relief administration in Canada resembles a crazy patchwork quilt. This has resulted in utter lack of uniform policies among the numerous municipalities and has not only proved wasteful, but has aided and abetted the growth of a huge transient population.

As a remedy she would follow what has been the practice in Moose Jaw since the beginning of direct relief. She would remove the actual administration of relief from the immediate influence of the municipal election machine. She advises independent commissions of citizens, guaranteed at least 3 years permanency of tenure and freedom, within a reasonable appropriation, to engage administrative personnel, and develop their organization system. She would fight shy of excessive centralization after the experience which the United States is having. Her ideal is a scheme of national planning, providing at the same time for decentralization through provincial supervision and local administration, with conditional control as a basis of partnership.

Efficient Relief Organization
Winnipeg Free Press

Inadequate organization of unemployment relief and the influence of political considerations on administration are costing this country millions of dollars, according to Miss Charlotte Whitton, executive director of the Canadian Welfare Council, writing in The Financial Post. Condemning unsparingly the policy of drift, she says that, apart from the variations in relief schedules in different provinces and municipalities, there has been "exploitation of relief for political advantage in a hundred ways and a thousand instances." She stresses the need for detached and independent control of relief administration, declaring that "the most deplorable of all the features of the direct control of relief by locally elected bodies is the exploitation of that portion of the electorate on relief by the most brazen electioneering promises of changes in relief procedures, personnel, schedules, etc., offered, of course, by the least responsible of the candidates for office, as a bait for support."

The situation demands the best that the Government or its new organization can do, and it is rather unfortunate that Mr. King should have asked Mr. Rogers, the earnest and capable Minister of Labor, to accompany him to Geneva. The importance of the questions to come up at the assembly of the League of Nations is admitted, but the tragic situation at home, with about a million people still on relief because of unemployment, demands the continuous attention of the minister dealing particularly with the problem. The last Government was held accountable for its policy of drift, and the country now expects results from the new policy of the present Government—greater efficiency in the administration of direct relief throughout the Dominion and greater activity and resourcefulness in taking men off relief by finding work for them.

As Others See Us

Hope and Soap
Stratford Beacon-Herald

The Toronto Financial Post suggests that if Premier Aberhart runs out of scrip he might borrow soap wrappers to tide him over. We are afraid they won't wash.

Is It Just a Disease?
St. Catharines Standard

The Financial Post this week declares that what is going on in Alberta is nothing less than revolution, the destruction of the present social and economic order. That paper calls on the Dominion to exercise its veto power. The picture is not an alluring one, but many observers believe that the disease will have to run its course before there is any cure.

Chatham's Finances
Chatham News

Convincing argument in favor of the Council-Manager system of civic government, as it prevails in Chatham, is contained in the article which appeared in The Financial Post of Setember 3 and reproduced in The Daily News yesterday. This article is a tribute not only to the splendid system of business management maintained at the city hall, but also to the sagacity of municipal spending bodies in mapping their policies, especially during the past few years.

However, Chatham's record places her in an enviable position to reap the full benefits of returning prosperity. It has paid this city to pursue a policy of economy, and careful attention to the smallest details of municipal expenditures. Reduction of municipal debenture debt means less civic taxation; more money to be spent through business channels; more necessaries, comforts and luxuries to be acquired by our citizens; and more opportunities for civic commercial and industrial expansion.

Canadian Papers Praise Duplessis
Quebec Chronicle-Telegraph

A man placed in office by such an emphatic expression of the popular will, after a dramatic campaign in the Legislative Assembly and on the hustings that smashed to pieces an apparently impregnable regime of nearly 40 years standing—as has been the case with Hon. Maurice Duplessis — could hardly fail to arouse the interest of newspapers and newspaper readers in other parts of the Dominion to whom, but a short time previously, he had been little more than a name.

What strikes everybody first and foremost is the fiercely consuming industry of the man. One of his personal friends and compatriots has said that the habit of work to Mr. Duplessis is like the drink to another person; he becomes, as it were, intoxicated by it and is unable to desist from it.

An article in yesterday's issue showed how The Financial Post of Toronto speaks of Mr. Duplessis as "the busiest man in Canada today." This formed a part of a full page feature on the man and his work that is a tribute as noteworthy as it is handsome, coming from such a source.

There are few party organs left in Canada and the number of those maintaining pronounced political leanings is growing rapidly smaller.

An Outside View of Duplessis
St. Maurice Valley Chronicle,
Three Rivers

One of the disadvantages of having lived in the same city as a new political star is that our appraisal of his public actions is likely to be colored by our personal feelings. In the case of Premier Duplessis, he is familiarly known to most Trifluvians as "Maurice" and those who know him most intimately as a man find it hardest to assess his real merits as a public administrator.

Under these circumstances, it is both interesting and helpful to have an outside view, and in the current issue of The Financial Post there is an excellent article by Wellington Jeffers, which gives a fair and unbiased estimate of Premier Duplessis's public activities to date.

These outside appraisals of Mr. Duplessis's policy are reassuring and they confirm our own view. Many difficult and even unpleasant tasks lie ahead of Quebec's new premier but we have every confidence he will perform them with honesty, despatch and decision.

The Old Game
The Country Guide and Nor'West Farmer, Winnipeg

In a cable to The Financial Post, Lord Rothermere, publisher of the London Daily Mail and other great English dailies, foresees a great immediate future for the pulp and paper industry of Canada. But his communication contains these significant words:

"It is surprising to hear, now the newsprint industry of Canada is emerging rapidly from all its troubles, financial houses are planning the financial reconstruction of the industry. Their manoeuvres are reminiscent of the finance mongering of 1927, 1928 and 1929."

This is one of the signs, and only one, that the same old game of financial racketeering, which more than anything else precipitated the depression, is to be played all over again according to the same old rules. Significantly enough the word of warning comes not from Ottawa or the capitals of the provinces interested, but from across the ocean.

When will our legislators wake up to the elemental fact that the greatest single problem confronting them is to put high finance in its place and keep it there. Its proper function is to serve industry, not to exploit it. The country wants no repetition of the "finance mongering of 1927, 1928 and 1929." As for the financiers, the lessons of the depression mean nothing to them. By the light of the first faltering rays of returning prosperity they begin conspiring to make further raids on legitimate industry. To curb their depredations has become one of the first duties of government.

Basic National Problem
Carberry (Man.) News-Express

Much food for thought is contained in a series of interviews with leading citizens scattered across the Dominion on the subject of the 5 major national problems which Canada faces and must solve if recovery from depression conditions is to be placed on a firm foundation and made permanent, published by The Financial Post during the spring months and later reproduced in booklet form.

The interviewed comprised leaders of great Canadian industries, public men, heads of public utilities, professors and students of economics, leaders in women's work, prominent journalists, heads of corporations and other well-known figures in the national realm, both east and west. They were asked to name what they considered the 5 major problems facing the country today and their proposed solutions.

A symposium of these interviews reveals a lack of unanimity, not only as to what courses should be pursued to consolidate the gains which have been made in the last 18 months to ensure a continued upward trend of the national economic graph, but even as to what constitute the paramount problems which have to be faced and dealt with.

Among the interviewed over 20 issues were raised as the most important impediments to speedy or even complete recovery but it is interesting to note that nearly one half rated relief and unemployment as the No. 1 problem, with the necessity of developing new markets for Canadian commodities and services both abroad and at home ranking in second place. From that point a wider divergence of opinion as to order of priority is noted on such problems as excessive cost of government, the railway and transportation problem, Canada's international relationships, immigration, public health matters, a renaissance of Christian principles and business and moral ethics and so on.

In the Mail

(Not over 200 words, please)

Elibank's Warning

Editor, The Financial Post:

The Financial Post has always been one of the foremost fighters against public apathy in the face of impending crises. It was, therefore, somewhat surprising to find The Post, in an editorial of about 3 weeks ago, supporting the Minister of Defence in his reply to a distinguished Briton who attempted to awaken Canadians to the danger of public indifference at this particular time toward the question of Empire defence.

The Financial Post characterized the minister's reply as a mild reproof. In so doing, the Post, in this instance, betrayed itself as being either dishonest or stupid. Euphemism has its limits. A mild reproof is one thing; a boorish, hysterical outburst is quite another.

The Financial Post made reference to the "confusion of a noble lord" when in point of fact the noble lord's position is logically unassailable. Comment during the past 3 weeks in the editorial pages and correspondence columns of papers across Canada seems to indicate that The Post would have been more accurate in referring to the confusion of a cabinet minister who misjudged the temper of Canadians.

This is no time to entertain any illusions about the intuitions of a pair of madmen in Europe. To neglect to see to our defences is nothing short of criminal. Of all the nations in the Empire we contribute the least towards defence; yet, except Great Britain, we are the nearest to the seat of possible conflagration. It is only by the grace of God and the Royal Navy that a few million people holding a vast continent of great wealth have so far been left unmolested.

In 1912 to fly the English Channel was regarded as no mean feat. A few years later London was being bombed from the air. Today the Atlantic is being flown by radio crooners and women. I should be sorry a few years hence not to receive any Financial Post because somebody had dropped a bomb on 481 University Avenue.

SUBSCRIBER.
Noranda, Quebec.

Editor's Note: The Post used the phrase "confusion of a noble lord" in reference to Viscount Elibank's comments on U. K.-Canada trade. These comments were foolish and ill-informed. They inspired in The Financial Post no confidence in any views of Viscount Elibank, whether on trade or defence. But possibly his "logically unassailable" views on defence are worthy of more consideration than his comments on commercial matters.

Reform of Companies Acts

Editor, The Financial Post:

This week's article in The Financial Post by Mr. Freeman on reform of the Company Act prompts me to write you on this neglected subject. Mr. Freeman states that, in his opinion, reform should be gradual. Why? In no phase of our economic structure can be found such glaring unfairness as in the present workings of the Company Act. Newspapers quote salaries of high executives occasionally, and one is staggered at them. But what do the common stock holders draw?

An act, to be fair, should protect all the interested parties.

Today there are glaring examples all over the civilized world of callousness toward the interests of shareholders and I believe this reflects greatly the restlessness and the growing spirit of "repudiation."

WALTER ALLISON.
Fort William.

Other People's Views

Aberhart and The Press
Vancouver Sun

With an idea of curbing the "mad dog" tactics of a section of the press, Alberta's Premier Aberhart throws out dark hints of his intention to license newspapers in his province.

As he admits quite frankly, Mr. Aberhart proposes to set up a system of government control of the press that will enable him to stifle the voice of any journal that "fails to tell the truth."

Mr. Aberhart knows, just as we know and as everybody knows, that his interpretation of an untruthful press will be a press that does not agree with him.

Tablecloth Writing
New York Times

What is it exactly that big business men write on restaurant tablecloths at luncheon? Thanks to an inquiry at the American Hotel Association Convention in St. Louis, we now have the encessary "breakdown." The statistical tablecloth markings disclose that 68½% of them are statistics; 13% are plans of houses, boats, baby carriages and other buildable things; 7% are verse, song titles, and so on; 6½% are girls' faces and other anatomical studies; 3% are bawdy humor, and 3% are unclassified blobs.

What Aberhart Wants
Vancouver Province

He wants the power to license the newspapers. He would do it, of course, as he says, "for the protection of the public." When Mr. Aberhart says he wants to license papers he really means that what he wants is the power to coerce and muzzle and suppress. Mr. Aberhart says "power to license." What Mr. Aberhart would say if he were utterly candid is "power to censor."

It is no trouble for Mr. Aberhart to persuade himself that all who disagree with him and with his policies are bad men. He is one of those crusaders who, if you are not for them, are against you. If you do not see it their way, you are a public enemy, and it is righteous that you should be destroyed.

Stop Me If You've Heard This One . . .

"Why can't we balance the budget?"

"There are too many unbalanced statesmen."

Week in Business

Revenue from Big Three Will Top 1929 Total

Recovery in Tourist and Mining Industries Play Big Rôle in Recovery — Hesitancy in Quebec

The remarkable August showing of The Financial Post business index is an important tribute to the increased diversity of Canadian business activity at the present time. As reported elsewhere on this page, the index moved sharply forward to the highest point since midsummer of 1930 and now stands 8% above the corresponding figure for this time last year.

To have done this following one of the worst drought spells on record—a calamity which cut western crop prospects virtually in half and materially reduced agricultural production in most parts of Ontario—reflects the new purchasing power that is accruing to Canada apart from farming activities. Two of these new vital sources are mining and the tourist trade. Both together they will this year bring into Canada more than 3 times the new wealth represented by the familiar business barometer of wheat and wheat flour exports; will actually top the previous high mark of 1929.

* * * *

Tourist Boom

Take the tourist business, for example. Latest estimates point to a total income of at least $290 millions from this industry alone in 1935—a figure which is within $19 millions of the previous record mark in 1929. The bulk of this money comes into the country in July and August—which is the equivalent of selling 290 million bushels of wheat at $1 a bushel—before most of our new crop wheat has even been harvested.

Then, too, this industry has already staged a 250% recovery since its 1933 low, which is why merchants in the tourist areas are reporting the best August business in 5 or 6 years; why petroleum imports for the month are up 15%; why truck sales jumped 47% last month in Ontario.

* * * *

Mining at New High

Similarly with mining. The value of Canadian metals exported in 1935 (including gold production which was subsequently shipped as bullion) rose last year to a record mark of $216 millions and the 1936 figure will be substantially higher. This compares with total wheat and flour exports in 1935 of but $156 millions. And whereas value of wheat and flour exports for the past 6 years has been less than half what they were back in 1928 and 1927, value of mineral exports is now at nearly double the previous high level of 1929.

Looked at another way, the records of 1929 show Canada's revenue in 1929 from its tourist trade and from its sale abroad of minerals, wheat that year from its tourist trade and from its sale abroad of minerals, wheat mining, tourist trade and the improvement in wheat prices—that revenue will probably exceed $760 millions.

* * * *

Quebec Marked Time

One other interesting fact developing from the month's figures is the apparent influence which the Quebec provincial election has had on business activity in that province. Complete figures for economic areas will not be available until next week but the 20% drop in insurance sales reviewed elsewhere in this issue gives an indication of the hesitancy that was caused by the most important political turnover in a generation. A similar drop was seen in sales of new commercial vehicles.

Apparently a very large number of people decided to wait and see which way the cat jumped before making business and financial commitments. In some respects this hesitancy is expanded to continue until the government's policy in many matters is more clearly defined.

Favorable

Carloading figures still indicate substantially improved business volume although actual loadings for the week ended Sept. 12 were lower than the same week last year due to the fact that Labor Day holiday came a week later this year. The official index of loadings was higher after this adjustment.

Foreign Trade—Further gains in both imports and exports were recorded in August. Exports rose 22% above corresponding figures for August, 1935, bringing cumulative totals for the first 8 months of the year across the $600 millions mark for a gain of almost 22.5%.

Other important gains were shown in newsprint exports, crude petroleum imports, raw rubber imports.

Unfavorable

Iron and steel plants continued at a low ebb due largely to automobile changeovers.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1936	1935	Cumulative Total—Jan. 1 to date 1936	1935
Transportation—				
Car loadings (Sept. 12)	▲52,909	54,353	1,669,526	1,604,964
C.N.R. gross earn. (Sept. 14)..	$ ▲4,145,164	$ 3,722,356	$ 124,495,904	$ 116,077,570
C.P.R. gross earn. (Sept. 14)..	$ ▲3,281,000	$ 2,949,000	$ 92,003,000	$ 83,999,000
Business Conditions—				
Weekly index D.B.S. (Sept. 12)	▲117.1	98.8	......	......

MONTHLY DATA	1936	1935	1936	1935
Business Conditions—				
Financial Post index (Aug.)	▲122.6	104.2	......	......
Transportation—				
C.P.R. net revenue (July)	$ 979,099	$ 1,526,181	$ 7,770,099	$ 7,588,200
C.N.R. net revenue (July) ..	$ 87,203	$ 1,106,120	$ 2,562,244	$ 3,273,658
Iron and Steel (August)—				
Pig iron production (tons) ...	▲38,570	54,414	413,893	364,704
Steel ingots and castings prod. (tons)	▲80,164	82,488	727,657	556,752
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (July)	6,592	6,265	68,279	63,301
Factory output (July)	8,192	9,471	94,556	99,861
Trucks and Buses:				
Domestic sales* (July)	1,646	1,119	14,802	12,229
Factory output (July)	2,283	3,598	21,867	24,533
Exports (July)	4,015	5,105	34,090	42,320
Construction—				
Building permits (August) ..	$ ▲3,672,845	$ 4,311,968	$ 25,788,767	$ 33,348,881
Contracts awarded (Aug.) ..	$ 15,536,100	$ 17,868,500	$ 111,113,100	$ 112,012,200
Newsprint (tons)—				
Production (Aug.)	▲270,053	236,060	2,033,943	1,755,209
Exports, tons (Aug.)	▲257,576	220,866	1,851,918	1,603,875
Sugar (lb.)				
Melting & sales§ (raw)	▲82,662,963	74,223,266	580,793,073	556,294,119
Manufactured§	▲78,496,030	71,183,208	559,416,632	550,624,612
Flour (bbls.)—				
Production (July)	1,300,667	991,559	7,828,026	6,134,108
Wheat flour exports (Aug.) ..	387,728	376,562	3,123,805	3,014,739
Trade—				
Retail trade (index no. of sales) (July)	72.5	69.3	....	....
Imports (August)	$ ▲50,248,036	$ 49,560,063	$ 397,873,683	$ 358,346,853
Exports (August)	$ ▲93,529,756	$ 76,638,360	$ 603,043,991	$ 493,244,579
Wheat exports (bush.) (Aug.)	21,157,268	21,698,284	141,657,362	75,861,440
Employment, D.B.S. Index (Aug. 1)—				
All industries	105.6	101.1	....	....
Manufacturing	104.9	99.8	....	....
Electric Power Output (July)—				
Total monthly (000's omitted)	2,020,855	1,791,543	14,460,934	13,171,637
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (August)	▲168,440	164,542	976,922	853,633
Boot & shoe prod., pr. (June)	1,721,182	1,756,204	11,042,084	10,664,240
Crude petrol. imp. gal. (Aug.)	▲146,313,749	126,729,590	745,098,829	721,008,757
Cotton imports, lb. (Aug.)	▲7,096,721	7,027,396	82,533,491	76,992,046
Raw rubber imp., lb. (Aug.) ..	▲8,466,684	6,303,645	38,172,733	39,196,312
Coal imports, tons (July)	1,416,455	1,430,483	6,445,735	6,574,158
Finance—				
Bank debits (July)†	$ 2,893,658	$ 2,545,102	$ 20,140,510	$ 17,761,238
Bond sales (Aug.)	$ 27,077,666	$ 121,920,753	$ 831,838,315	$ 456,940,335
Life insurance sales (Aug.) ...	$ ▲25,011,000	$ 26,854,000	$ 245,344,000	$ 240,564,000
Automobile Financing (July)—				
Used cars	$ 2,656,701	$ 2,109,499	$ 16,206,076	$ 11,582,085
New cars	$ 3,098,442	$ 2,531,943	$ 20,455,589	$ 15,664,529

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to September 5.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.50	$6.50	$7.10
Hogs	9.25	9.50	10.00
Copper, lb.	.09¾	.09¾	.09
Cotton, lb.	.1225	.1255	.1035
Rubber, lb.	.1650	.1631	.1150
Sugar, raw, lb. ..	.0350	.0365	.0345
Silk, lb.	1.68	1.67	1.92
Wheat (Man.) bus.	1.07¾	1.03⅛	.89¾
Coffee, lb.	.08⅛	.08¼	.06⅝
Hides	.12	.11½	.11
Weekly Indices			
N. Y. Annalist	128.2	128.4	127.9
Fishers'	84.1	84.2	85.2
N. Y. Journal of Comm.	82.1	82.9	81.2
Crumps (Brit.)	71.6	71.3	65.6
U. S. Labor	80.9	81.2	80.4
Canada (D.B.S.) ...	75.5	75.6	71.6

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Aug.)	81.2	80.5	79.4
W'sale (Aug.)	76.2	74.4	71.7
U. S. Labor (July)	80.5	79.2	79.4
Gt. Brit. (July) ...	82.0	81.1	77.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1929 = 100 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk—Japanese, 13-15, New York: Sugar—96 degrees centrifugal c/f New York: Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis: Hides—No. 1 packer light native cows, New York; Hogs — select bacons, Toronto.

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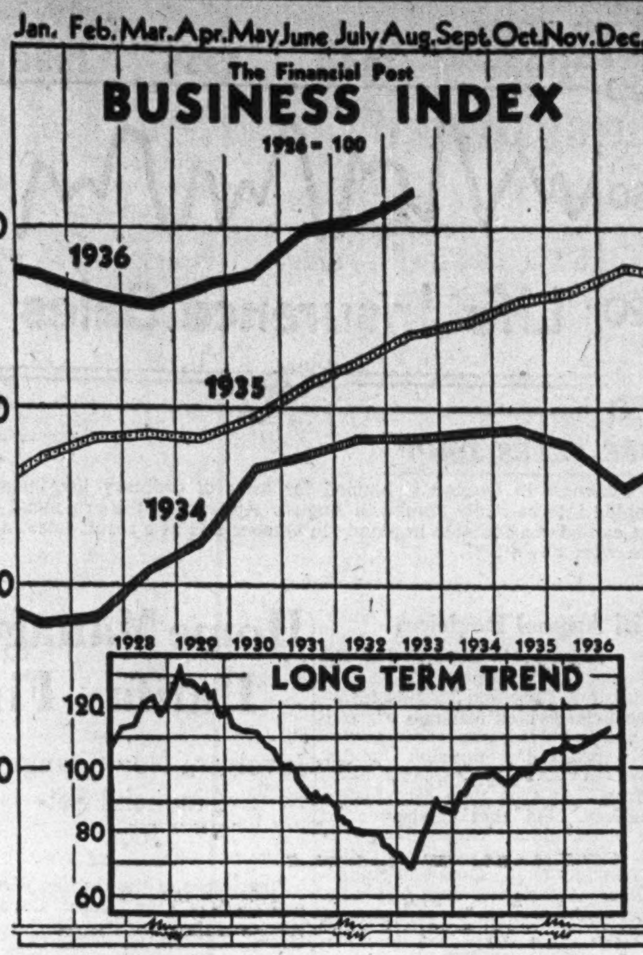

AUGUST UPTURN

The Financial Post business index in its preliminary form moved up rather sharply in August, reaching a new high point since about midyear of 1930. Acceleration in the movement of gold, zinc and bauxite was a distinctive feature in the mining field.

Flour production has recently shown improvement and the exports of canned salmon were at an exceedingly high level. The lumber industry was active as measured by the movement to external markets.

The output of steel ingots recovered in August while the automobile industry was relatively inactive. Sharp gains were shown in imports of crude petroleum and of crude rubber and the production of tires. The imports of raw cotton and cotton yarn for further manufacture recorded gains while wool imports declined.

The new business obtained by the construction industry showed decline in August and the output of the power industry was slightly less owing to the reduction in the amount used by electric boilers. Activity in the grain trade accounted in part for the high level of the railway freight movement and of merchandise exports.

	August 1936	August 1935	July 1936	Inc. or Dec. August 1936-1935 %
Financial Post business index	112.6	104.2	110.7	+ 8.0
Wholesale prices	76.2	71.7	74.4	+ 6.3
Common stock prices	114.7	94.7	114.3	+21.1
Shares traded, Montreal, number	406,257	318,960	520,503	+27.4
Inverted index of Dom. bond yields..	158.2	139.7	153.6	+13.2
*Bank deposits	112.3	105.3	112.3	+ 6.6
Mineral production:				
Copper exports, cwt.	393,088	424,081	324,979	— 7.3
Nickel exports, cwt.	118,526	141,016	137,442	—15.9
Zinc exports, cwt.	498,182	284,808	234,041	+74.9
Gold shipments, fine oz.	317,931	301,312	308,984	+ 5.5
Silver shipments, fine oz.	2,032,844	2,999,197	1,552,134	—32.2
Bauxite imports, cwt.	627,166	418,973	375,414	+49.6
Manufacturing production:				
Canned salmon exports, cwt.	57,450	38,476	20,403	+49.5
Cattle slaughterings, No.	129,147	114,184	125,535	+13.1
Hog slaughterings, No.	232,050	175,342	232,254	+32.2
Raw cotton imports, lb.	7,096,721	7,027,396	5,818,214	+ 1.0
Cotton yarn imports, lb.	363,321	434,644	323,679	—16.4
*Leather boot and shoe prod., pair...	1,403,277	1,488,628	1,533,948	— 5.7
Newsprint production, tons	270,053	236,060	274,627	+14.4
Steel ingot production, tons	80,164	82,488	68,793	— 2.8
Pig iron production, tons	38,570	54,414	34,988	—29.1
Automobile production, No.	4,660	7,692	10,475	—39.4
Petroleum imports, gal.	146,313,749	126,729,590	121,335,556	+15.5
Crude rubber imports, lb.	8,466,684	6,303,645	5,094,621	+34.3
Exports of plank and boards, ft. ...	168,440,000	164,452,000	153,897,000	+ 2.4
Construction: Contracts awarded ...$	15,536,100	23,837,400	17,868,500	—34.8
Building permits ....$	3,672,845	4,311,968	4,615,502	—14.8

*Preceding month.

Background of Business

Good Summer, Tourism Aid New Truck Sales

Big Demand for Commercial Vehicles Continues Through August — New Book Selling Plan — U. K. Timber Shortage

Truck sales are reacting to good summer business and the tourist boom. Registrations of new commercial vehicles in August as reported to Bus & Truck Transport for Eastern Canada were over 20% better than in August, 1935. The gain for Ontario alone was 47%, which more than offset a decline in Quebec due probably to election activities.

Cumulative figures for the first 7 months of 1936 show total sales higher by 21% than last year with July sales for all Canada higher by 47% than in July, 1935. On a basis of dollar value, sales in both June and July bettered the 1935 total by over 40% in each month.

The remarkably high movement of merchandise during August as indicated by carloading figures and by The Financial Post index of business elsewhere on this page were undoubtedly important factors in aiding new truck purchases last month. To the end of July total sales were over $15 millions.

Another equally important factor has been the tourist boom which has created an exceptional demand for foodstuffs and merchandise in out-of-the-way places such as Callander, Ont. July truck sales in Ontario for example were 77% higher than in the same month last year.

* * *

Timber Shortage in U. K.

Great Britain has experienced its first real timber shortage since the war, according to Timber Trades Journal of London.

"This autumn, almost for the first time since the war, the cry of "wolf" has proved justified, and the feature of business during the past 6 weeks has been the inability of buyers to obtain the cargoes they require for this year's shipment. This is not due to the price question, but entirely to the fact that shippers have sold so heavily and have such limited stocks available for the season that the goods simply cannot be procured.

"Agents inform us that many of their buyers have put proposals before them, asking for the best counter-offers in regard to the specification and for shippers' quotations in regard to prices; but even the prospect of getting figures never dreamed of a few months ago has not brought the wood into the market. Lately some railway requirements have been circulated to the agents, but the latter are only able to quote for a small percentage of the goods, which presumably will have to be picked up in small lots second-hand from importers.

* * *

New Book Selling Plan

Macmillan Co. of Canada Ltd. has announced the use of a new sales policy to the trade to be known as "journey terms." Under the new system, a traveller will call on retail outlets only once a year. Books ordered from the traveller will be subject to a 2½% discount on the listed wholesale price. It is expected that the trade will take advantage of the new terms to place advance orders on the publisher's book list for the year and also to stock up on standard lines.

Though in use for a number of years in England with considerable success, says Bookseller and Stationer, the plan is something entirely new to the Canadian book trade and will be watched very carefully by many other houses.

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Business Makes New High Mark

Financial Post Index at Highest Point Since 1930

Canadian recovery which started over 3 years ago was continued sharply in August. The Financial Post business index in its preliminary form moved up from 110.7 in July to 112.6 in the month under review.

The rise of nearly 2 points in an index of this kind which tends to fluctuate within narrow limits indicates considerable acceleration in industrial production.

Prices Move Forward

One important development was the further advance in wholesale prices. The considerable rise in August supplemented the gain of the preceding month. Wholesale prices which had since the beginning of 1934 entered into a stalemate have now definitely broken away from the limits of the stabilization. Although the main impetus was given by the curtailment in Canadian crops through adverse weather conditions, each of the main groups of the classification was either firm or showed advance.

Mining Factors Strong

Of the 9 factors showing the trend of mineral production zinc exports and imports of bauxite were in the limelight during August. The exports of zinc were greater than in any month in history. The index adjusted for seasonal tendencies was 331.4 against 128.6. The gain over the same month of last year was practically 75%. The imports of bauxite for the production of aluminum were also greater than in any other month in history. A gain was shown in copper exports but the decline in nickel exports was greater than normal for the season.

Many marked advances were shown in the factors showing the trend of manufacturing operations. The index of the manufacture of foodstuffs was only twice exceeded in the postwar period. The index was 110.1 against 102.4 in July. The milling industry was more active in the last available month, the index advancing from 85.8 to 104.7.

The gain in sugar production was about equivalent to the seasonal tendency. The gains in cattle and sheep slaughterings were less than normal for the season while a slight decline was shown in hog slaughterings. The index of canned salmon exports was greater than in any month since June, 1933. The seasonally adjusted index of cigarettes releases advanced from 177 to 182.

The indexes showing the trend of operations in the tire industry recorded increases. The index of the manufacture of tires moved up from 78.9 to 83.6. The imports of rubber were greater than in any August in the postwar period, the amount having been 8,500,000 pounds.

The imports of raw textiles for further manufacture were practically maintained in August. An increase was also shown in the imports of cotton yarn and thread, while wool showed a marked decline from the preceding month.

Steel and Construction

The production of steel which had been at a low level in July showed considerable gain in August. The production of pig iron also showed moderate improvement. The output of automobiles dropped to a low level in August intimating the preparation for the early changeover to 1937 models. Petroleum imports rose to a high point being greater than in any other August in the postwar period.

Assisted by the early movement of grain in the Western division, carloadings in August were greater than in the same month of any year since 1930. The index moved up from 78.0 in July to 81.2.

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TC-363

Return of Prosperity Dents Bank Earnings

Liquidation of Outstanding Loans Is Not Offset by New Demand — Major Classifications Show Downward Trend

Returning prosperity thus far has proved rather a headache for the Canadian banks.

Not only has recovery been financed by agencies other than bank advances, but business improvement and returning confidence in security markets have led to liquidation of a number of long-standing loans. For the most part, this liquidation represents a more healthy situation in the country as a whole. But it certainly has cut a wide swath in the most lucrative source of bank revenue.

Better Times—Fewer Loans

Over the year ended last July, bank loans recorded further shrinkage to a record low in relation to volume of deposits. This shrinkage occurred largely in loans of 2 classifications and, in each instance, the reason is a development generally associated with better times.

Advances to grain dealers were greatly reduced by the outward movement of wheat stocks; and public utility loans have been cut to a fraction by refunding operations. In addition, improvement in tax collections and recourse to security markets have been reflected in a continuing downward trend in government and municipal loans.

Credit Demand Lacking

In the face of these indications of recovery, it might be expected that other lines of endeavor would require additional credit accommodation. But such is not the case. The only type of loans to show appreciable increase over the last year are those to financial houses. Bankers are encouraged, however, to note that the downward trend of loans to manufacturers appears to have been checked, and that there has been some improvement in those to merchandisers.

Bank advances have fallen to about half the 1929 peak. Those for commercial purposes have dropped even more—almost 60%. Indeed, loans to business enterprises are now only half the aggregate in the more normal year of 1927. Bank credit, in its wider sense—including investment holdings—has been fairly well maintained throughout the depression. This has been so, however, only at material cost to the banks in the way of revenue. The yield on the securities they have been forced to purchase as an alternative investment to loans has dwindled to a mere shadow.

Easy Money Policy

Some of the more radical money theorists have contended that restriction of commercial credit has been a definite policy of the Canadian banks. It is true that loans have been called by the various institutions—sometimes through mistaken judgment. This, however, was only resorted to, so claim the bankers, in cases of emergency. In any event these loans constituted a relatively small proportion of total advances.

On the other hand, it is obviously in the best interest of the banks to maintain commercial advances at the highest possible level, commensurate with safety to the depositors' funds. That this has been an active part of banking policy in the last few years is evidenced by the reduction in rates on various types of loans. In practically every classification loan rates have dropped substantially.

Reductions Substantial

Yet in only one commercial classification does the volume of loans now outstanding exceed that of the period immediately before the depression. Most have been halved.

Figures for the volume of loans segregated according to purpose are not available for all the banks over a period of years, although the position as at October 13, in 1934 and 1935, was published in accordance with the revised Bank Act. However, the Canadian Bank of Commerce has supplied its comparative experience over the last 10 years, which may be considered typical of the Canadian banking system as a whole. The figures follow:

Advent this year of the long-awaited liquidation of grain surplus, hailed widely as of paramount importance to Canadian prosperity, was immediately reflected in reductions of outstanding bank loans to grain dealers and exporters. Taking the Bank of Commerce experience as typical, it resulted in a 70% reduction. And, naturally a parallel drop in earnings from that source.

Considering agricultural loans as a whole over the 10-year period, a peak was reached not in 1929 as might have been expected, but in the following year. After 1930 they fell off sharply, to hold fairly steady in recent years at about $60 millions. As may be seen from the table, the explanation of this steadiness was that declining loans to farmers were being offset by greater demands from grain handlers. Dwindling loans to the primary producers reflected lessened needs for harvesting expenses and general production; short crops naturally have a bearing on the volume of loans.

Prices, Inventories, Important

Whereas drought and the wheat surplus were the major factors affecting the trend of agricultural loans, prices and inventories bulk large in their effects on loans to manufacturers. These have shown continuous and marked decline since 1929, and, although the descent appears to have been checked this year, the 1936 total is but 32.2% of the 1929 peak.

The effect of the very substantial reduction in both prices and inventories on outstanding loans should be obvious, but is overlooked by many. Prices have fallen to about three quarters of their normal level. Which to the producer, and to his banker, means that it now requires only $75 to put on the market goods which formerly called for $100. Inventories are estimated to have dropped 60% since the high of a few years back, with a similar effect on the need for credit accommodation. Some were of the opinion that the limit of hand-to-mouth buying had been reached some time ago. The present situation is proof of the fact that its development was then but in its infancy.

The twin effects of lower prices and inventories have not been confined to manufacturing activity. Those who participate in distribution are in the same boat. As a consequence, loans to merchandisers have dropped 66.7% in the last 7 years. In the financing of forest products, too, these have been most important factors.

Utility Refinancing

Public utility financing in the security markets was naturally greatly curtailed following the market crash. Consequently, loans from the banks were employed to tide the concerns over until public confidence had once again been restored to the point where security offerings were practicable. Thus loans to public utilities by the Bank of Commerce rose $4 millions in 1929 to $8 millions in 1930 and to $17 millions in 1932. They remained at a relatively high level until this year, when refinancing operations almost eliminated them.

Loans to financial houses, including call loans, are usually a fairly good barometer of activity on the security markets. Naturally, then, they skyrocketed in 1929. It is perhaps surprising, however, that the downward trend in the years immediately following was not more acute. It is worthy of note that advances in this category have shown an increase this year for the first time since the crash.

Municipal Situation Improving

The lower total of loans to governments and municipalities is regarded a favorable development. Most of the reduction can be accounted for by better taxation returns and the more active issue of securities. A part of the latter, of course, is reflected in the greater holdings by the banks of government securities.

CLASSIFICATION OF LOANS AND DISCOUNTS IN CANADA OF THE CANADIAN BANK OF COMMERCE
(Millions of Dollars)

	August								July	
	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Agric. & Food Products, including:..	67	68	72	74	63	53	60	60	62	40
a. Farmers, ranchers & cattle buyers	33	33	36	37	31	25	22	20	18	17
b. Grain dealers and exporters.....	10	9	21	24	23	19	29	30	33	12
c. Flour millers and exporters......	6	7	3	3	3	2	3	3	4	4
d. All other food products (dairies, fruits, fish and meats).........	18	19	12	10	6	7	6	7	7	7
Manufactures other than foods (including mining)	47	48	59	53	44	35	29	27	19	19
Forest products	21	18	14	15	11	9	7	7	6	6
Merchandising	24	26	42	38	31	24	21	18	13	14
Construction	9	10	15	15	12	10	7	8	8	7
Public utilities	3	6	4	8	11	17	14	15	14	1
Mainly commercial	171	176	206	203	172	148	138	135	122	87
Financial (including call loans).......	49	68	130	107	81	66	61	55	51	58
Religious, educational and charitable organizations	2	2	2	3	2	3	2	3	3	3
Governments and municipalities	25	31	36	32	35	42	40	35	34	31
Private individuals	9	12	11	9	9	8	7	7	8	11
Mainly non-commercial	85	113	179	151	127	119	110	100	96	103
TOTAL	256	289	385	354	299	267	248	235	218	190

FIDELITY
Insurance Company
of Canada
TORONTO

Staff Changes

The Bank of Montreal has made the following changes in staff:

E. R. PELLY, formerly at Winnipeg, to be manager at Morley and Osborne, Winnipeg.

R. O. G. BENNETT, formerly assistant inspector at Vancouver, to be inspector at Winnipeg.

T. DICKSON, formerly inspector at Winnipeg, to be assistant superintendent of Manitoba and Saskatchewan districts.

T. R. GILBERT, formerly assistant superintendent of Manitoba and Saskatchewan districts, to be assistant superintendent of Montreal branches.

FIRE INSURANCE

A CANADIAN COMPANY
SECURITY NATIONAL INSURANCE COMPANY
HEAD OFFICE TORONTO

J. H. RIDDEL
President

V. G. CREBER
Vice-Pres.

S. FAIRLEY
Secretary

Inquiries for Agencies Are Invited

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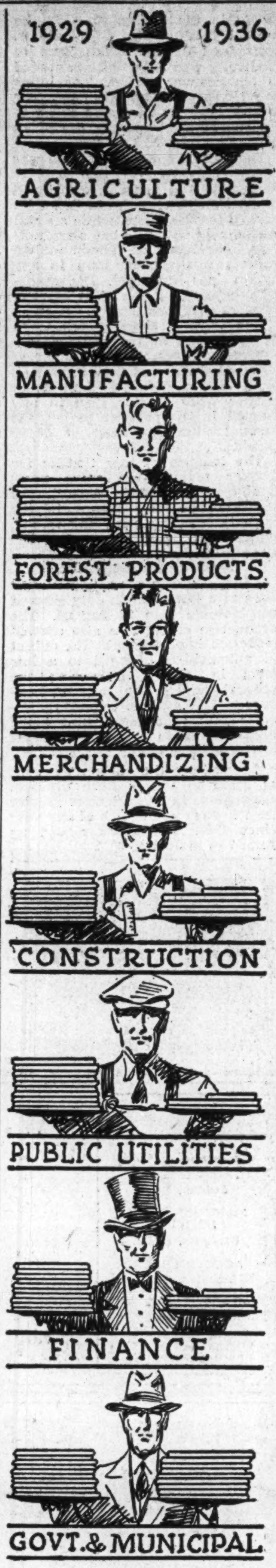
EAGLE, STAR & BRITISH DOMINIONS INSURANCE COMPANY LTD



NOT HUNGRY

Loans of the Canadian chartered banks have dwindled to a fraction of their pre-depression levels. That this is so, bankers contend, is not because industry is being starved deliberately by the banks, but rather that their appetite for credit is not as keen. In the above illustration, 10 pancakes are taken to represent the 1929 loan volume in each classification, and the helping which the various borrowers are now asking is expressed as a percentage of that volume. While the figures used are those of the Canadian Bank of Commerce, the trend may be considered typical.

Weekly Bank Clearings

	Sept. 17 1936 $	Change Year Ago %	Sept. 10 1936 $
Halifax	2,929,325	+31.1	2,214,876
Saint John .	2,330,469	+34.5	1,473,922
Moncton	766,018	—0.05	603,741
Sherbrooke .	616,079	+15.2	545,655
Quebec	4,804,941	+17.5	2,690,785
Montreal ...	123,870,000	+48.6	74,121,076
Ottawa	18,327,193	+33.4	22,937,610
Kingston ...	658,888	+ 6.2	461,534
Peterborough	704,888	+ 6.8	615,427
Toronto	172,633,757	+53.7	86,612,427
Hamilton	4,412,234	— 0.2	3,612,916
Kitchener ...	1,368,369	+35.8	824,094
Brantford ...	954,211	+18.4	684,361
London	3,274,516	+25.7	1,998,908
Chatham	379,421	— 2.9	394,816
Windsor	2,609,992	+26.6	2,139,158
Sarnia	409,431	— 5.1	391,130
Sudbury	938,434	+28.9	745,219
Fort William	775,848	+71.7	679,423
Winnipeg ...	83,860,396	+45.1	63,682,769
Brandon	416,795	+36.2	376,820
Regina	10,732,450	+58.2	6,917,616
Moose Jaw .	963,249	+47.2	701,711
Saskatoon ..	2,239,129	+30.3	1,650,492
Prince Albert	441,499	+19.4	377,202
Edmonton ..	4,262,351	+ 5.7	3,459,742
Calgary	8,897,900	+50.3	5,138,336
Medicine Hat	275,842	—30.7	255,096
Lethbridge .	534,554	— 6.8	425,420
N. W'minster	694,205	+22.1	729,243
Vancouver ..	23,716,070	+42.5	14,102,223
Victoria	1,638,328	+ 1.5	1,486,774

Should one carry cash for travel funds?

NO—A Letter of Credit from Imperial Bank of Canada will provide the funds wherever you go without risk.

Take a Letter of Credit When you go Abroad

100

IMPERIAL BANK OF CANADA
HEAD OFFICE-TORONTO
BRANCHES THROUGHOUT CANADA

Insurance Sales At 13-Year Low During August

Quebec Elections Reduce Sales 20% in That Province

Led by a 20% slump in Quebec province, sales of new ordinary life insurance in Canada and Newfoundland dropped in August to the lowest monthly figure in 13 years.

The monthly total of $25 millions announced this week by the Sales Research Bureau is 7% below the corresponding figure of August, 1935, which was itself only slightly more than the previous low mark, and is 23% below the total for July. The figures are exclusive of annuity and pension bond sales.

Other provinces to show lower sales than in August last year were Ontario and Saskatchewan. All other provinces reported gains. One province, namely New Brunswick, showed August sales higher than those of July.

August is normally the month of lowest output for life insurance sales forces due to the practice of many companies of holding sales conventions at that time which withdraw leading producers from the field. Similarly the fact that a large number of agents and those who might otherwise be prospects are away on vacation has its effect in lowering the monthly total.

One reason for the poor showing in Quebec last month was undoubtedly the Quebec election. When a province such as Quebec is in the midst of turning out of power a government that has held the reins of office for 39 years it is a serious business and one not easily interfered with. No doubt agency forces and prospects in scores of instances were too much involved in the political whirlpool to pay the proper attention to life insurance.

U. S. Showing Better

In comparison with the Canadian showing the August figures for United States were more favorable but even there there was a fractional decline in ordinary sales as compared with August of last year. Industrial sales in the United States were up 6.3% and group sales rose 49%.

Comparative figures for Canada and Newfoundland follow:

Ordinary Life Sales
(a) Sales by Months, 1933-1936:
($000 omitted)

	1933	1934	1935	1936
Jan.	28,928	27,718	32,988	34,221
Feb.	28,095	29,036	28,716	30,474
March ..	31,768	32,564	31,416	31,664
April	30,501	33,296	28,900	30,147
May	31,916	33,134	27,423	28,977
June	34,114	32,277	32,112	32,277
July	32,165	33,951	32,155	32,573
Aug.	29,749	26,650	26,854	25,011
Sept.	27,443	26,123	26,696	....
Oct.	33,435	31,342	30,416	....
Nov.	36,061	35,863	35,158	....
Dec.	36,967	27,691	36,550	....

(b)—Sales by Areas

	August 1936 $ 000	August 1935 $ 000	July 1936 $ 000
Alberta	1,095	1,026	1,388
British Columbia .	2,192	2,010	2,575
Manitoba	1,440	1,319	1,852
New Brunswick ..	882	862	867
Nova Scotia	1,173	930	1,307
Ontario	10,143	10,841	13,714
Prince Edward Is.	109	103	177
Quebec	6,835	8,552	9,106
Saskatchewan	853	996	1,295
Newfoundland	289	215	292
	25,011	26,854	32,573

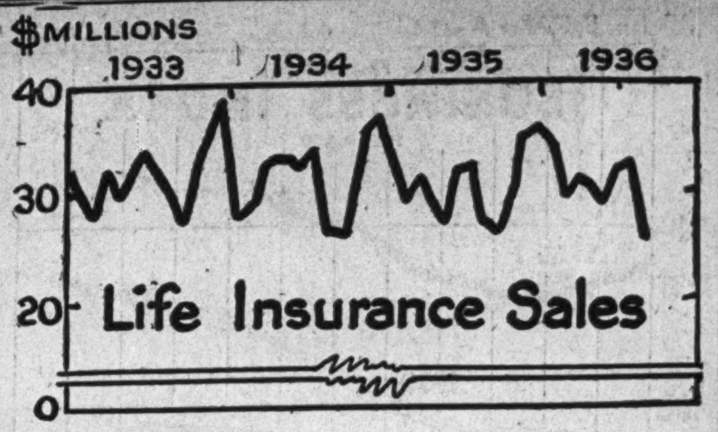
Bank of Canada Weekly Statement

Last week's Bank of Canada statement gives effect to the switch to government ownership, with capital stock rising from $5 millions to $10.1 millions. Payment for the stock might normally be expected to be reflected in lower deposits in the federal government account. However, there was a net increase in this item during the week of $2.4 millions. The explanation probably lies in additional security purchases by the bank. Expenditures for the stock would be much more than offset by crediting the cost of the additional securities to the government balance.

The stock issue was purely a bookkeeping matter, it is understood, the government merely handing over a cheque in return for the shares registered in the name of the Dominion of Canada.

Balance Sheet

Liabilities	$ Sept. 16	$ Sept. 9
Capital paid-up ...	10,100,000	5,000,000
Notes in cir.	123,028,676	115,662,005
Rest fund	173,092	173,092
Dep.: Dominion ...	20,239,545	17,867,454
Banks	169,057,761	170,892,161
Other	217,916	927,632
Total deposits	189,515,222	189,687,247
All other liabs. ...	6,153,010	3,163,444
Total liabs.	328,970,000	313,685,788
Assets		
Reserve: Gold	179,415,159	179,491,175
Silver bullion ...	1,868,982	1,868,981
Res. in sterling..	336,854	588,985
Res. in U. S.	4,726,240	6,472,685
Res. elsewhere ..	6,021	10,017
Total reserve	186,353,255	188,431,844
Subsidiary coin ...	186,975	211,796
Advances	3,000,000	3,000,000
Investments:		
Dom. govt. short.	45,239,652	39,671,651
Other Dom. govt.	89,528,862	79,619,869
Total invest.	134,768,514	119,291,520
Premises	265,376	265,320
All other assets	4,395,880	2,485,308
Total assets	328,970,000	313,685,788
Reserve ratio	59.62%	61.71%



LIFE SALES DROP

Weakness in Quebec is blamed for sales of ordinary life insurance slipping into new low ground in August. Apparently the provincial election caused considerable hesitancy in Quebec and as a result sales in that area were down 20%.

Will Appeal Decision Goad's Plans Hearing

Massie & Renwick, Toronto insurance firms, which manages a group of non-board insurance companies, will appeal the decision handed down in the recent Goad's plans hearng. At that time Mr. Justice MacLean. held that restriction of the plans, almost essential to efficient fire insurance underwriting, to members of the Canadian Underwriters' Association does not constitute a restriction in restraint of trade.

A. GRANT MACKENZIE has been appointed manager of the Windsor branch of the Canada Life. He succeeds J. J. GROZELLE, who has been appointed manager for the company at Vancouver, B.C.

IN INVESTMENT FIELD

C. P. Milne, who has become associated with W. M. Macdonald & Co., members of the Toronto Stock Exchange. Mr. Milne was formerly joint general manager of the Massey-Harris Company for Europe and latterly assistant secretary of the North American Life Assurance Company, from which company he has resigned to enter the investment field.

Home Manages Halifax Fire

Involves No Change in Financial Set-Up

Operations of the Halifax Fire Insurance Co., the oldest Canadian fire organization, founded in 1809, will henceforth be under the management of the Home Insurance Co., of New York. It is understood that there will be no change in financial set-up, the Home not holding an interest in the Canadian company.

Under the revised set-up, each provincial office of the Halifax Fire will be handled separately and the company will retain its own managers. It will continue as a non-board company and will be independent in underwriting in respect to the Home. As far as can be gathered from early reports, the move is designed to eliminate unnecessary expense by combining internal office work.

W. Kurth, president of the Home, has been manager of the Halifax Fire in the United States for some time.

Commercial Life Reports High Premium Income

Commercial Life Assurance Co. reports premium income for new business placed during 1936 to the end of August is over 40% greater than for the same period last year and greater by 40% than for any other January-to-August period since 1931. August production was slightly behind the same month last year.

The company has published its annual compilation of life insurance records showing the company to have assets of $113.59 for every $100 of liabilities. This ratio is higher than for any other company according to figures taken from the records of the federal superintendent of insurance at Ottawa. The average for all companies is $102.64 for every $100 of liabilities.

Fire and Windstorm INSURANCE

Over Half A Century of *"Service with Security"*
Est. 1884

PORTAGE MUTUAL INSURANCE CO.
MUTUAL SERVICE WITH SECURITY

TESTED and PROVED by TIME

Since its inception in 1884, this organization, Western Canada's oldest Mutual Insurance Company, has maintained the policy of giving "service with security." "Portage" policy-holders enjoy complete protection at minimum rates.

Branches: WINNIPEG, REGINA, CALGARY

The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY
PORTAGE LA PRAIRIE MAN.

Business Men Like an Insurance Company that is Strong, Reliable and Fair

Colin E. Sword
Manager for Canada

UNION INSURANCE SOCIETY OF CANTON LIMITED

J. W. Binnie
Associate Manager
(Montreal)

ASSETS $31,000,000.00
HEAD OFFICE FOR CANADA, TORONTO

Our 'MUTUAL' Plan
Reduces FIRE INSURANCE Costs

BRANCHES:
Toronto
Hamilton
Ottawa
Montreal
Quebec City
St. John
Halifax
Winnipeg
Saskatoon
Calgary
Edmonton
Kelowna
Victoria
Vancouver

WHEN next your fire insurance comes up for consideration, may we suggest that you give our representative an opportunity to explain how Northwestern Mutual fire insurance cuts the cost?

NORTHWESTERN MUTUAL FIRE ASSOCIATION

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE LIABILITY WINDSTORM SPRINKLER LEAKAGE DOCTORS' AND DENTISTS' LIABILITY AUTOMOBILE PLATE GLASS
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ACTUAL PHOTOGRAPH

The Spotlight Cars of 1937

AS LOW AS $1012 DELIVERED Walkerville, Ont. including Government taxes, only freight and license to be added

SEE the exciting new Studebakers first and see the first and finest expression of 1937 motor car styling!

See the new Studebaker "winged victory" radiator grilles and louvers! See the new Studebaker one-piece hood tops that lift up from the front! See the new Studebaker air foil fenders—domed disc wheels.

Open the wide, deep doors and walk into the lavishly roomy new Studebaker interiors, styled by Helen Dryden!

Get behind the wheel and thrill to the brilliant new Studebaker performance—in the world's only car with the automatic hill holder and equipped with the finest feather-touch hydraulic brakes!

STUDEBAKER'S C. A. C. 7% BUDGET PLAN OFFERS LOW TIME PAYMENTS

Your Money Buys More In a 1937 Studebaker
★
WORLD'S FIRST CARS WITH DUAL ECONOMY OF FRAM OIL CLEANER AND AUTOMATIC OVERDRIVE
★
NEW UNDERSLUNG REAR AXLES GIVE BIG ROOMY INTERIORS—CHAIR HEIGHT SEATS
★
WORLD'S LARGEST LUGGAGE CAPACITY
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WORLD'S EASIEST CLOSING DOORS WITH EXCLUSIVE NON-RATTLE ROTARY DOOR LOCKS
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WORLD'S ONLY CARS WITH AUTOMATIC HILL HOLDER
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EXCLUSIVE NEW EASY PARKING STEERING GEAR
★
WORLD'S STRONGEST, SAFEST AND QUIETEST ALL STEEL BODIES

THE STUDEBAKER CORP. OF CANADA, LTD.
WALKERVILLE, ONTARIO

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Windsor Hotel

I hold a $1,000 Windsor Hotel first mortgage bond, due 1946. Is there any possibility of interest being paid this year? Would you advise me to dispose of this bond?

Windsor Hotel Co. is enjoying improved business this year, but had a deficiency of $65,050 in working capital last year. Consequently, there is not much prospect of payment of bond interest until this working capital position is improved, and the bank loan reduced. The bondholders' committees are keeping a close eye on the hotel's operations, however, and eventually there is some prospect for interest on the first mortgage bonds, although at what rate we would not care to suggest. The question of whether you should hold your Windsor Hotel bond depends largely upon whether you feel that you can invest successfully in some other security that will get back your capital.

Hiram Walker

Could you give me a brief report on the prospects of Hiram Walker-Gooderham & Worts?

Hiram Walker-Gooderham & Worts built the world's largest single distillery at Peoria, Ill. 2 years ago to take as great advantage as possible of the return of the United States to the legal sale of liquor. It has had good results in the meantime and it is probable that the forthcoming annual report for the year ended Aug. 31 will show earnings to have been as high as $6 a share. There naturally may be fluctuations in the size of the earnings by this and other companies as competition grows keener. Huge stocks of spirits maturing in warehouse eventually may have a considerable influence on the price structure. In the meantime Hiram Walker is strong enough and well managed enough to give hopes that it will get its share of business and of earnings.

Abitibi Power

I hold some 6% cumulative preferred shares of Abitibi Power & Paper Co., which I purchased in 1929. Is there any prospect of recovery?

Market valuation of your preferred shares of Abitibi Power & Paper Co. is around $10 and $11 a share at present. The company is now under receivership and will not be taken out until some reorganization plan is evolved which will prove acceptable to the bondholders, and after them to the preferred shareholders. There has been considerable improvement in the newsprint industry but so far earnings shown by this company under receivership are not such as to suggest that either under the present capitalization, or under a reorganization plan, they are likely to be sufficient to pay dividends for some time to come. It is mainly a matter of waiting until price of newsprint goes up further. Important authorities seem to expect additional increases over the next few years.

Dominion Stores

I would like a complete report on Dominion Stores Ltd. as to its capitalization, earnings and prospects?

Dominion Stores has a capital consisting only of 280,014 common shares of no par value. Working capital at June 13, 1936, totalled $2,015,000 compared with $2,044,000 in 1935. Included in working capital was $1,142,000 of cash and call loans.

Net equity per share of common stock at the close of 1935 was $11.57 compared with $13.81 in 1934, both figures valuing good will at $1.

The company's earnings declined steadily from $2.17 a share in 1929 to about 6 cents a share in 1934. In 1934, however, large amounts were written off inventory, and this was continued in 1935, so that the company showed a net loss of $610,000 or over $2 a share. In addition to writing off old inventory, the company spent large sums on renovation and rehabilitation of store properties, and also adopted a new merchandising system to ensure that goods would be fresh at all times.

This year, the effects of the improved organization appear to be having effect. Sales for the 36 weeks ended Sept. 9 amounted to $13,333,905 compared with $12,039,108 in the same period of 1935, an increase of 10.4%. For the 24 weeks ended June 13, 1936, the company reported a loss of $37,000 which was less than 10% of the loss of $370,000 for the corresponding period of 1935.

The latter part of the sales year is usually the most profitable for the company, so that there are expectations that some earnings will be shown this year. The strong liquid position would allow dividends to be paid if earned.

Brewing Corp.

I have some common stock of Brewing Corp. of Canada which I purchased at $2.50 a share. This company does not seem to be doing very well. What are the prospects?

In comparison with the price of $2.50 a share which you paid for common stock of Brewing Corp. of Canada the present price is $1⅞ a share. It is difficult to tell the future of this stock while the company is unable to pay the full dividend of $3 on its preference stock. The preference stock has been paying at the rate of $1.50 a share but in the year ended April 30, 1936 it only earned $1.31 a share. This compares with $1.03 a share in the preceding 12 months. Consumption of beer and ale during the past summer was considerably higher on account of the hot weather and the drought but the results have not been good enough to justify the hope that the whole preferred dividend will be paid, arrears looked after and something be shown on the common stock.

The company will have to gain a much larger proportion of the Ontario business to make the common stock good. Officials and directors express confidence that this will eventually be done. But competition and the failure of Brewing Corp. to realize all the merger plans with which it started have prevented full expectations being realized.

Imperial Oil

What do you think of Imperial Oil common stock as an investment?

Imperial Oil stock has a number of favorable points for investment. The company has an exceptionally strong liquid position and strong management. It is the largest company in the oil industry in Canada, fully integrated from petroleum to refined products. The stock has a long and favorable dividend record.

One point to consider before making an investment in Imperial Oil stock is that it is paying a dividend of $1.25 a share while its earnings last year were about 95 cents a share. Those earnings consisted in part of dividends of $2.50 a share from International Petroleum, which, in year ended June 30, 1935, earned only $1.50 a share of its dividend. Thus a good part of Imperial Oil dividends, though they had been continued over several periods, represent bonus payments out of surplus. They will be continued if earnings of the company and its subsidiaries get to a point where current returns justify their continuance as regular dividends.

Canadian Industries

Do you consider Canadian Industries common stock a sound investment?

Canadian Industries common shares enjoy very high investment rating as the company has a very strong financial position and an excellent earnings record. In each of the past four years the company has increased its dividend, paying in 1935 a regular dividend of $4 a share plus a bonus of $2 a share. Earnings should improve with further business recovery, but this is discounted by the price of over $200 a share.

Walkerville Brewery

I purchased Walkerville Brewery stock several years ago at a much higher price than the present market valuation. What are the company's prospects?

Walkerville Brewery reports higher sales in the present summer. Just what this will mean in profits it is hard to say. Losses were shown in the last 2 years sufficient to turn the company's surplus into a deficit. Working capital is strong but only actual results will demonstrate what the company will do. It has one good plant and it operates against competitors who have many plants distributed through the area in which this company must seek part of its markets. The company apparently needs sales in the larger centres as well as in its own district to make its stock worth the money which many paid for it. The farther it sent its products from home, naturally, the greater the expense.

C. P. R. Convertibles

What is your opinion of Canadian Pacific Railway 3½% convertible bonds?

Canadian Pacific Railway 3½% convertible bonds, due 1951, hold more than a fair amount of interest for the ordinary investor. The bonds are a direct obligation of the company and are secured by a pledge of consolidated debenture stock, $125 principal for each $100 principal of bonds. Interest charges are being covered. The attraction of these bonds, however, lies in conversion rights. Bonds can be converted into common stock up to Feb. 15, 1944, on the basis of 4 shares of stock for each $100 of bonds. While the railway situation is not particularly promising at the present time, it is possible that by 1944 the conversion may be of value.

M. & O. Paper

I would like a report on Minnesota and Ontario Paper Co. Is reorganization in the near future probable?

Minnesota and Ontario Paper Co. has been in receivership since Feb. 28, 1931. The eighth report of the trustees in receivership shows improved income both for M. & O. and for its major subsidiary, National Pole & Treating Co. The report covers the first half of 1936 but shows earnings still short of depreciation and depletion. Bond interest is charged as usual although it is not being paid.

National Pole and Treating Co. shows some net income available for interest on its $1.7 million 6% notes due Dec. 1, 1936.

The trustees state they understand progress on reorganization "is mainly dependent upon substantial improvements in the price situation." Since that time there has been an increase of $1.50 per ton in the price of newsprint. It is doubtful whether this will be considered sufficient. Early in the spring trustees stated that a lasting improvement in the condition in the newsprint industry was required. However, the rate of paper operations became the highest in the company's history at the end of last year and contracts for selling newsprint were renewed on a good basis. Therefore price increases should improve results.

Calgary Power

A client is anxious to know something of Calgary Power Co. and it would be appreciated if you could let us have an outline of that company's position.

Calgary Power Co. generates and supplies power in Alberta under contract to Calgary, Lethbridge, Red Deer, Wetaskiwin and intervening points, and as far east as Gleichen. Through a subsidiary, the Prairie Power Co., power is supplied to communities in Saskatchewan. Further, the company holds control of the Ottawa Valley Power Co. Calgary Power has a well-developed earning power and until this year paid a dividend of $5 a share on its common stock. The elimination of the dividend was due to the loss of revenue from Ottawa Valley Power Co. which had its contract with the Ontario Hydro cancelled. Efforts to renew or re-establish this contract have been unsuccessful. Calgary Power's revenue from direct operations is sufficient to cover interest charges and preferred dividends, but it is subject to the adverse influences on business arising from Alberta government measures.

Alberta Wood

Please let me have a report concerning the Alberta Wood Preserving Co.

Alberta Wood Preserving Co. is a subsidiary of Dominion Tar & Chemical Co. It operates creosoting plants at Calgary, New Westminster and Swift Current. Over 99.5% of the company's common stock is held by Dominion Tar. There are no bonds issued, but there is outstanding in the hands of the public $266,300 of 7% cumulative preference stock, which is redeemable on 60 days notice at 105 and accrued dividends.

The financial statements of Alberta Wood Preserving are incorporated with those of the parent company, so that it is not possible to give you any particulars in regard to income or financing. However, dividends on the stock have been paid regularly.

Melchers

Will you please advise me as to the current position of Melcher's Distilleries?

Last year Melcher's Distilleries earned 73 cents a share on the class "A" stock as against dividend payments of 50 cents. While no official reports are available as to results for the year to date, it is anticipated the 1936 report will show a maintenance of strong working capital position together with earnings on much the same basis as in 1935. Earlier this year directors of the company proposed a capital reorganization which, while approved by the class "B" shareholders, was turned down by the majority of the class "A" stock. Since then no official compromise plan has been put to the shareholders.

Eastern Dairies

I should like your opinion as to the advisability of buying Eastern Dairies 6% bonds, due 1949, 85.

Net profits of Eastern Dairies in its last fiscal year were equal to 1.99 times the interest on the 6% bonds before depreciation. The interest was earned 0.76 times after depreciation. Earnings were somewhat curtailed by the 2% increase in sales tax. The taxes paid increased 15%, and though volume was good, profits were naturally narrowed.

The total issue of the 6% collateral trust bond amounts to $2.8 millions. They are secured by debentures and stocks of the subsidiary companies. A sinking fund of $50,000 is required annually. The company is regarded as being well managed and as having good opportunities for profitable operation in favorable periods, but has been unable to earn preferred dividends.

Ottawa Power

Kindly let me have your opinion of the current outlook for Ottawa Light, Heat and Power Co. common stock.

Ottawa Light, Heat & Power Co. is in competition with the municipally-owned plant in Ottawa, but has a well-developed earning power and for a period of nearly 30 years the company has paid regular dividends on the common stock. Since 1916 the company has been paying 6%, but this rate has not been covered in the last 4 years, making it necessary for the company to draw upon reserves. The amount thus required has been small, amounting to only $10,721 in 1931, which has not affected the working capital position. Recently the company replaced its 6½% preferred stock issue with one carrying a coupon of 5%. The saving in dividend charges is expected to improve earnings on the common stock.

STOCKS LISTED AND UNLISTED BONDS

Hambly, Peaker & Trent

Members
THE TORONTO STOCK EXCHANGE

613 DOMINION BANK BUILDING
TORONTO
Elgin 3294

Detroit Tunnel To Reorganize

$300 of 5% Bonds and 12 Common Shares Would Go To $1,000 Bond

First mortgage bondholders' committee has brought forward a reorganization plan for Detroit & Canada Tunnel Co. which has been in receivership since April 30, 1932. The plan wipes out the common shares and reduces the capital. It has been drawn up under the U. S. Federal Bankruptcy Act and is to be heard Oct. 29, 1936, in U. S. District Court, Detroit.

The proposal is to form a new company with a 5% first mortgage bond issue of $3.3 millions, and 135,000 no par value common shares. Holders of the $8.5 millions of 6% first mortgage bonds would receive $300 of new bonds per $1,000, involving issuance of $2,550,000 of the new 5% bonds. The remaining $750,000 of new bonds would be held in the treasury and could be issued for development purposes.

Issue of Shares

In addition to receiving all the new bonds that would be outstanding, first mortgage bondholders would get 12 new common shares for each old $1,000 bond. This would give them 102,000 of the new shares, sufficient to control the property.

Holders of the $8,491,000 of 6½% convertible debentures would receive 3 common shares for each $1,000 of bonds. General unsecured creditors would also be given 3 shares for each $1,000 of claims.

About 130,000 of the 135,000 under mon shares would be issued under these proposals.

Improved Revenues

The reorganization has been drawn up partly as a result of improved revenue this year, arising from increased travel between Detroit and Windsor which are joined by the tunnel under the Detroit River.

In 1935, net income was reported at $188,944 by the receiver, George R. Cook, Detroit. There was a final deficit of $385,144 for the year after writing off $108,838 for amortization of bond discount, $225,122 for amortization of properties and $239,543 for depreciation. The net income of $188,944 before these charges, however, was equivalent to 3.7% on the $8.5 millions of first mortgage bonds. On the proposed issue of $2,550,000 of 5% bonds, it would amount to 7.4% before depreciation.

Earnings and Assets

With increased revenues this year, the tunnel may be able to show earnings sufficient to pay 5% on the new bonds after allowing for depreciation at a reduced rate. One effect of the writing down of capital, of course, would be to allow a drastic writing down of assets, apart entirely from annual allowances for depreciation and amortization, which, therefore, may be reduced if the new set-up is finally approved.

The want of success from the investor's standpoint in the venture is illustrated by the proposal to write down the first mortgage. There were originally $17 millions of first mortgage bonds and debentures outstanding and $7,312,500 of common stock. The tunnel property and rights as at May 28, 1928 were carried at $8,562,990. Additions to the property at cost, consisting mostly of construction outlays, totalled some $13.6 millions in the 1935 balance sheet.

Royal Securities Buy Utility Control

Take Over New England Gas Holdings in Maritime Electric

From Our Own Correspondent

MONTREAL. — Royal Securities Corp. has purchased all security holdings of New England Gas and Electric Association in the Maritime Electric Co. The latter distributes light and power in Charlottetown and Montague, P.E.I., and in Fredericton, St. Andrews and St. Stephen, N.B.

Sale of New England Gas and Electric's holdings in Maritime Electric is not expected to affect Charlottetown's plan to purchase the company's local plant, according to Russell Chandler, chairman of the Charlottetown Light Committee.

He explained: "We intend to push for the conclusion of an investigation into the rates which the company is charging and we are still giving the same consideration to purchase, either by negotiation or by statute of the legislature. The situation has not changed in the slightest degree. We are still dealing with the Maritime Electric Co., regardless of who owns the stock."

United Steel Obtains Letters Altering Capital

Supplementary letters patent have been granted by the Department of State, Ottawa, to United Steel Corp., Toronto, altering the capitalization in accordance with by-laws approved by shareholders on July 29, 1936.

The authorized capital is 80,000 class A preferred shares of $25 each, 5,000 no par value B preferred shares, and 500,000 common shares. The outstanding class A shares remain unchanged. The 2,500 class B preferred shares outstanding this year are to be convertible into 87,500 common shares, which would bring the total of outstanding common up to 370,110 shares.

Conversion of the 2,500 class B preferred shares into common will still leave 2,500 of the B shares authorized but unissued. It is stated that there is no intention of issuing this stock.

Woven into the SOCIAL FABRIC OF CANADA

Like a strand, intricately woven, the Canada Permanent Mortgage Corporation is an integral part of the whole social fabric of Canada. For 81 years it has been a vital factor in community development throughout the Dominion. It has proved a dependable guardian of Savings; has promoted confidence and encouraged national thrift.

FOUNDED 1855

CANADA PERMANENT
Mortgage Corporation

HEAD OFFICE: 320 BAY ST., TORONTO
ASSETS EXCEED $69,000,000

Attractive Corporation Securities

	Price	Approximate Yield to Maturity
Canadian Canners Limited . . . . 4% First Mortgage Convertible Bonds Due 1 May, 1951	100.50	3.95%
Canadian Pacific Railway Company . 3% Convertible Collateral Trust Bonds Due 1 October, 1945	93.75	3.79%
Gatineau Power Company . . . . 5% First Mortgage Bonds Due 1 June, 1956	102.00	4.84%
Great Lakes Power Company . . . . 4¼% First Mortgage Bonds Due 1 September, 1956	99.50	4.28%
Montreal Light, Heat & Power Consolidated . . . . 3½% First Mortgage and Collateral Trust Bonds Due 1 February, 1956	105.00	3.15%
Saguenay Power Company Limited . 4¼% First Mortgage Bonds Due 1 April, 1966	105.00	3.97%
Shawinigan Water & Power Co. . . . 4% First Mortgage and Collateral Trust Bonds Due 1 April, 1961	99.75	4.03%
Union Gas Company of Canada Limited . 4½% First Mortgage Bonds Due 1 December, 1950	100.00	4.50%

Complete information will be furnished upon request.

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

New Issue

$10,000,000

Simpsons, Limited

$1,400,000 First Mortgage and Collateral Trust Serial Bonds 3% Series "A"
$1,400,000 First Mortgage and Collateral Trust Serial Bonds 3½% Series "A"
$7,200,000 First Mortgage and Collateral Trust 15-Year Bonds 4¼% Series "A"

To be dated November 20th, 1936
Serial Bonds to mature December 1st, 1937-1944
15-Year Bonds to mature December 1st, 1951

Principal and half-yearly interest (June 1st and December 1st) payable in lawful money of Canada at the holder's option at any branch in Canada of the Company's bankers (Yukon Territory excepted). Coupon Bonds in denominations of $1,000, $500 and $100, registerable as to principal. Fully registered Bonds in denominations of $1,000 and authorized multiples thereof. Redeemable in whole or in part at the option of the Company at any time prior to maturity, on sixty days' notice, at 101 for the 3% and 3½% Bonds; the 4¼% Bonds to be redeemable at 103 if redeemed on or before December 1st, 1941, thereafter at 102 if redeemed on or before December 1st, 1946, thereafter at 101 if redeemed prior to maturity, in each case with accrued interest to date of redemption. Commencing December 1st, 1945 there will be provided for the 4¼% First Mortgage and Collateral Trust Fifteen-year Bonds an Annual Sinking Fund of $375,000.

Trustee: Montreal Trust Company

In the opinion of Counsel, these Bonds will be a legal investment for funds of Insurance Companies registered under the Canadian and British Insurance Companies Act, 1932.

Schedule of Maturities

Due December 1st	Coupon	Amount	Due December 1st	Coupon	Amount
1937	3%	$350,000	1941	3½%	$350,000
1938	3%	350,000	1942	3½%	350,000
1939	3%	350,000	1943	3½%	350,000
1940	3%	350,000	1944	3½%	350,000

$7,200,000 4¼% Bonds, due December 1st, 1951

We offer the 15-Year Bonds, subject to prior disposal and change in price, if, as and when issued and accepted by us and subject to the approval of Messrs. Johnston, Tory & Johnston, Toronto.

Price: 100 and accrued interest

Outstanding bonds of Simpsons, Limited, with all unmatured coupons attached may be tendered in payment. The price to be paid (in Canadian funds) for the 6% Bonds is $110.50 flat; for the 5½% Bonds $110.25 flat. These prices include principal, premium on redemption, interest to November 20th, 1936, and premium on sterling exchange, and are subject to change with fluctuations in sterling exchange.

Cash orders will be received during the period of exchange subject to allotment and confirmation.

A prospectus, a copy of which has been filed under the provisions of The Companies Act, 1934, will be promptly furnished on request.

Wood, Gundy & Company
Limited
Toronto
Montreal
Winnipeg
London, Eng.
36 King Street West
Toronto
TELEPHONE: ELGIN 4321
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Hamilton
Vancouver
London, Ont.

In The Construction World

Valuable "Delay"

CRITICISM is being made of the new $50 millions programme of home renovation loans on the ground that several months must elapse before it can become operative.

The same critics, agreeing that the new scheme is a decided improvement over the Dominion Housing Act, nevertheless point to the fact that new legislation is necessary before the plan comes into effect and that the Government will not meet until January; that conferences must be held between federal and provincial authorities and that similar co-operation is necessary between federal representatives and those of municipalities and housing organizations.

Apart from the reminder of the unwieldy and overlapping system of Canadian governmental authority which the criticism brings into focus, the truth is that neither legislative action nor lightning-like conferences could speed the new loan scheme into action on a large scale before next spring.

But its benefits will be felt long before that time.

First result will be the thawing of frozen confidences and credit among lending institutions which, under the Dominion Housing Act, had little real scope for their intended function.

Secondly, the basis for effective operation will be laid in careful preparation by lending institutions, housing committees, federal, provincial and municipal bodies for a programme based on established factual conditions rather than guesswork. The autumn and winter months afford time for gathering such data and compilation of necessary forms and documents.

Thirdly, manufacturing institutions including those at Hull, P.Q. and Windsor, Ont., for example, which may be planning large-scale housing projects for their employees will have an opportunity to coordinate these with the plans of the National Employment Commission under the home renovation scheme.

And not the least important advantage in the "delay" is the opportunity for manufacturers, builders and contractors in all parts of Canada to prepare production schedules and inventories, and to organize production and sales personnel on a sound basis to meet the demand for new home construction and home renovation next spring.

* * *

Housing Adviser

INDICATIONS that the National Employment Commission intends to appropriate the best features of English home building and modernization experience and adapt these to Canadian conditions are seen in the appointment of David Shepherd, Scottish-born graduate of Edinburgh University, as its adviser in plans to extend home building and modernization in Canada.

Vice-president of Campbell and Shepherd, Toronto firm of consulting engineers, Mr. Shepherd is no stranger to Canadian housing problems. Born in Dundee, the commission's new adviser graduated in civil engineering, came to Canada in 1912, and has spent the last 24 years in daily association with housing and construction planning. He is a former partner in the firm of C. H. and P. H. Mitchell, consulting engineers of Toronto, who acted as mechanical engineers in the original development of the Toronto Housing Commission.

Since 1924 the firm of Campbell and Shepherd has been in charge of inspection and supervision of such undertakings as the Northern Ontario building in Toronto, the Atlas building, North American Life building, Tip Top Tailors and the Toronto Star building. The Confederation Life building in Ottawa, the Huron and Erie building and London Hotel in London, Ont. A number of private dwellings were also erected under the engineering supervision of Mr. Shepherd's firm.

A member of the Bruce Housing Committee in Toronto since its inception, Mr. Shepherd is thoroughly familiar with many of the problems of planned housing. Next month he goes to England to make a survey of British building operations for the benefit of the National Employment Commission.

Complete Modernization Mooted for C.N.E. Area

New Designs, Buildings and Materials Envisaged in Boldly Original Survey

COMMITTEE PLANNED

Modern street lighting and an ultra-modern band-shell may be only the forerunners of a completely modernized Canadian National Exhibition, if proposals now taking form are carried to completion.

Architecturally unsuitable and structurally obsolete are many C.N.E. buildings visited annually by thousands of businessmen from all over the world.

As showplace of Canada's industries and natural resources, a vast modernization scheme is needed to bring the C.N.E. into harmony with the times, according to B. W. Keightley, president of the Association of Canadian Advertisers and advertising manager of Canadian Industries Ltd.

First step in the project, which would be one of the most ambitious ever carried out in exposition planning, is a survey made by Mr. Keightley containing proposals for formation of a planning committee. Plans include an entirely new industrial area at the C.N.E. in which privately-owned buildings would be erected.

New Materials

Not only are new types of buildings needed, but even the creation of new building materials to meet the new requirements is envisaged in the Keightley survey. Semi-permanent, windowless, air-conditioned display structures are seen as a development of the future for which plans can now be made.

Boldly striking out on original lines, the survey cites problems peculiar to the C.N.E. location in Toronto. There is no intention of imitating current structural developments at large U. S. fairs or international expositions, but on the contrary permanent structures are foreseen which may fulfill a utilitarian purpose during the 11½ months of the year when the C.N.E. is not in public operation.

Yet these buildings are not likely to be the massive structures of stone and steel that now form the majority of exhibition buildings. Such imposing structures as the Automotive and Electrical buildings, among others, are condemned as "far too permanent and costly a type of construction for exhibition work."

Between the two extremes of flimsy, temporary and gaudy "fair buildings" and the old-style long-term brick or cement buildings, the survey envisages a happy medium. First indications of what may be achieved in this direction were seen when architects and engineers collaborated on the construction of buildings at the Chicago World's Fair, designed purely for exhibition work.

Highlights of the plans evolved by the Chicago experts, and which resulted in spectacularly successful results, included the absence of windows and their replacement by modern artificial lighting, and ventilation by means of air-conditioning.

Elimination of windows not only cut building costs but produce an entirely new structural design and new scope for exterior treatment. Use of color on the large, flat areas, both internally and externally, results in striking combinations, particularly when floodlighting is used at night on the building exteriors.

A similar method, and a similar approach to C.N.E. structural modernization are urged by proponents of the Keightley scheme. The problems are peculiar to the C.N.E. and must be solved in the light of C.N.E. conditions rather than in the form of imitation of other expositions, it is held.

Planning Committee

Creation of a planning committee is proposed, to consist of representatives of the municipality of Toronto, the C.N.E., the Toronto Parks Department, exhibitors, Dominion architects, building engineers and building material manufacturers.

Primarily concerned with design, materials and financing, the new committee is intended also to broaden its scope by inclusion of other than exhibition buildings. Larger exhibitors, it is foreseen, will require their own buildings in the future and large manufacturers in Canada may be expected to show increasing interest in that aspect of the situation.

Erection of single or grouped buildings, privately-owned, to meet their own needs, is a project which will be placed before the leading Canadian manufacturers as part of the scheme.

Such buildings would represent an entirely new development at the C.N.E., a new type of industrial display area, conforming, however, in architectural design, floodlighting and landscaping to the general plan, without losing individual identity.

"Factory" Homes Prove Unpopular

As an interesting experiment, prefabricated housing units are attracting wide attention in the U.S. and parts of Canada.

As a sound economic effort, success of which depends on large-scale consumer demand, the movement to popularize prefabricated houses so far is a failure.

The public is not yet ready for mass distribution of factory-made dwellings and 2 leading manufacturers engaged in this type of house construction are now concentrating on building up an efficient dealer-distributor organization in preparation for next year's business, rather than attempting to expand production facilities for a demand which has not yet been created.

A test of the prefabricated house and its potentialities is expected next spring, especially if the residential building gains made in 1936 are continued during the early months of 1937.

Existing interest in the prefabricated house, which experts do not condemn but which has obvious limitations, is noted among foreign governments including that of Italy which plans the use of those dwelings in Ethiopia. Adequate financing of prefabricated houses is regarded as a key problem by interests in the factory-built housing field.

McDonald Made Executive Of Dominion Steel & Coal

From Our Own Correspondent

MONTREAL.—M. W. McDonald, comptroller of Dominion Steel and Coal Corp., has been appointed to the position of secretary and treasurer, succeeding C. S. Cameron, who, owing to ill-health, has requested the directors to relieve him of the duties of these offices. Mr. Cameron will continue as a director and vice-president.

Steel Workers Fail to Obtain Wage Increase

Finances of Company Do Not Warrant Such Action

CONCILIATION BOARD

Because of the financial position of the company and the present situation in the steel industry, the board of conciliation dealing with the dispute between steel workers and the Algoma Steel Corp. at Sault Ste. Marie, Ont., reports that it cannot find in favor of a general increase in wages.

"The board," according to an interim report issued by the Department of Labor, Ottawa, "did consider and declare, and the company did not dissent, that the wage scale of the company ought to be raised at the earliest possible moment that conditions of the future might present. With this fact in view the board will remain in existence and, in the event of the parties not settling all outstanding issues between themselves, will resume its settings to deal with the wage dispute upon call of either party to the proceedings within a reasonable time."

Agreement on Other Phases

As regard other phases of working conditions which were in dispute a complete agreement has been reached between the company and its employees. The agreement provides that the plant shall be maintained as an "open shop."

Provision is made for a departmental grievance committee, which has the right to discuss with the plant superintendent individual or collective grievances. If these discussions are unsatisfactory, arrangements are made for referring complaints to the general manager.

Establishment of the board of conciliation by Hon. Norman Rogers, federal minister of labor, followed a dispute between the Algoma Steel Corp. and approximately 2,000 employees who are members of the Algoma Steel Workers' Union. The board consisted of A. H. Dowler, Fort William, as chairman; L. B. Spencer, Welland, Ont.; and W. F. O'Connor, Ottawa.

Windsor Area May Get Homes

But Financial Success of Ontario Government Effort Doubted

Extension of the highly experimental plan under which the Ontario Government is building modern, medium-priced homes in York county, Ont., into the Windsor area is seen as a possibility by Windsor observers in the construction field.

The experiment of constructing 14 houses in the suburbs of Toronto has far wider significance than is evident on the surface. Location was chosen primarily because Ontario Government officials can keep a close watch on the progress of the venture. But the most important consideration is whether the York county houses will prove a success from a financial standpoint. Early indications are that they will not.

If they do, however, there is little doubt that the plan will be extended and in view of the Government's invitation to the public to inspect the new homes, no doubt exists regarding its purpose in securing the public's reaction to the move.

An acute housing shortage in Windsor forecasts a potential demand for extension of the scheme to the Windsor area where observers believe conditions are unusually favorable—providing the financial soundness of $2,500 homes is established by the York county effort.

Houses under construction in Long Branch, Etobicoke, York Township, East York Township, Mimico and Scarborough are designed to meet requirements similar in character to those in the Windsor suburban area.

Designed by Canadian architects some of the houses are brick, others brick veneer and stucco, and others of frame construction. All are planned to be carried at a cost equal to moderate monthly rentals but difficulties to carrying these plans into practical effect have been encountered.

$2,400 and $3,400

In the case of a house with kitchen, living room, dining room, hall, 3 bedrooms and a bathroom, the cost is scheduled around $2,400 and the cost per month of the same house, including principal, interest, taxes, insurance and water rates is calculated at less than $20 per month.

A higher-priced house, costing $3,400 contains 4 bedrooms of slightly larger size and is intended to be carried for about $25 per month to cover all charges. One result of the present experiment will be that the Ontario Government will know both the type and cost of houses most in demand in the lower-priced brackets, whatever the result may reveal regarding the economic soundness of the effort.

Anglin-Norcross Secures Victory Building Contract

The general contract for completion of the Victory Building at 80 Richmond St. West, Toronto, has been awarded to Anglin Norcross Ltd., according to an announcement made by A. R. Roberts, who recently purchased the unfinished structure. Cost of completion is estimated at $500,000.

Work of completing the building is to commence immediately, and it is to be ready for occupancy by March, 1937. It will be the first public office building in Canada to be equipped with air-conditioning and acoustical treatment. Messrs. Marani, Lawson & Morris are the consulting architects.

Commenced in 1929, work on the Victory Building was discontinued in November of that year due to lack of funds. Numerous plans for the completion of the building in subsequent years fell through. Recently, Mr. Roberts purchased the building under mortgage sale for $115,000.

Originally planned as a 24-story building, present plans call for 20 stories.

At left—Unilever House. Photo copyrighted by The Architects' Journal.

In Centre Below — Underground Railway Building. Photo copyrighted by The Architects' Journal.

At Lower Left — Shell-Mex Building. Photo copyrighted by The Architectural Review.

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Roof Inspectors

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The insulation . . . the roofing material . . . the top coat of coal tar pitch and gravel . . the drainage . . . the flashing . . . all must be approved by him as conforming to the Murray rigid standards of quality. And there is only one responsibility for the whole . . . OURS.

For endurance you can't beat the Murray-Made coal tar pitch and gravel roof. For all comparatively flat roof surfaces, it is the best investment you can make and one that will pay dividends in safety, satisfaction and service.

Murray Engineers will gladly give you full particulars regarding Murray-Made Bonded Coal Tar Pitch and Gravel Roofs, on which Murray Guarantee Bonds of 10 to 20 years may be obtained.

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A SMART OFFICE *is a* GOOD INVESTMENT

A down-at-the-heel office is bad business, for appearances count heavily today. If you have been postponing necessary improvements, it's time to modernize. Start with a smart, custom-built Dominion Battleship Linoleum floor . . . for the floor is the *keynote* of any decorative scheme. Dominion Battleship Linoleum is permanent, sanitary, noise-deadening, easier-to-clean and requires no costly refinishing. It has been chosen by the majority of Canada's most modern office buildings.

Consult your linoleum contractor or the contract department of any good house-furnishings store . . . or write us for descriptive bulletins — full information.

DOMINION BATTLESHIP LINOLEUM

DOMINION OILCLOTH AND LINOLEUM COMPANY LIMITED, MONTREAL

Week in Wheat

Heavy Foreign Orders Shoot Up Wheat Prices

Italy, Britain and Japan Stocking Freely—Speculative Buying Eases—Liverpool Influence Dominates World Markets

From Our Own Correspondent

WINNIPEG.—With the active entry of Italian, British and to a lesser extent Japanese buyers interest in war orders, apparently has been transferred to the wheat market. The extent of this buying is believed to presage a substantial increase very soon in weekly clearances. Prices have gone to heights not reached in years but notwithstanding these new levels there appears to be no hesitation.

Speculative buying by the public is very limited. The great bulk of business is conducted by persons who actually handle wheat.

Liverpool continues to lead the advance with Chicago's influence on Winnipeg not nearly so pronounced as a few weeks ago.

Italy Needs Wheat

ITALY'S need for imported wheat and the possible extent to which she may be able to fill them during the crop year constitute one of the most important factors in the market.

With a crop variously estimated at from 205 million to 220 million bushels, Italy is short 60 million to 80 million bushels of theoretical needs. Her domestic wheat prices have been fixed at the equivalent of from $2.35 to $2.85 per bushel, so imported wheat should look cheap if she can pay for it.

Some recent buying in the Winnipeg market has been attributed to Italian sources. Italy's Roumanian transactions, even if completed at once, would leave room for large additional purchases from Canada, although they might result in postponing these for a time.

Italian buying has had a double effect on the British market. It has strengthened bullish sentiment, and it has removed much of the competition which otherwise would have existed for Canadian wheat in the British market.

* * *

Average in Argentine

VARYING opinions on the probable fate of the Argentine crop will have an important market influence during the next 2 months.

In spite of heavy rains, which prolonged Argentina's wheat seeding throughout that country's winter and held acreage well below original intentions, there has been lack of moisture as the growing season commences.

Future offerings of Argentine wheat have been made at lower than the currently prevailing basis, indicating an opinion by someone that the crop is likely to be good. Such offers do not appear to have lasted. The general attitude of Argentina toward prices is taken to mean that an average crop is expected. Europe also would seem still to expect an average crop in Argentina. Any development which would make such a crop definitely unlikely would be a very bullish influence in the market.

* * *

Australia Ships

LIVERPOOL was surprised to find some 1,800,000 bushels of wheat shipped from Australia last week, as recent reports emphasized the approaching exhaustion of the Australian surplus.

But private advices just received from Australia stress the fact that Australian farmers regard present wheat prices as remarkably good. They are surprised to find their wheat commanding premiums over Canadian and their inclination is to take advantage of the situation while it lasts.

Holding wheat is never very popular in Australia, as the method of storage leads to damage from depredations of mice and weevils. In addition there is a tendency there to believe that North America may have exaggerated the effect of this year's drought.

* * *

Milling in Newfoundland

THE Saint John's Daily News suggests the establishment of a flour milling plant in Newfoundland with a capacity of approximately 1,000 barrels per day. After pointing out that Newfoundland annually imports about one half million barrels of flour annually, it is suggested that half of these requirements could be milled locally.

> "The two main considerations in looking into the possibilities of this undertaking are a need to keep at home as much money as we can and the employment that a flour mill would provide."

There is, however, another and very important consideration which the News, apparently, has overlooked. Flour milling entails more than a market for the main product manufactured. Admittedly there is a very substantial market for flour in Britain's oldest colony, but the miller must also have a market for his by-products, bran shorts and feed flour. Canadian mills have such a market in eastern Canada and the United States where livestock feeders and dairymen provide a huge outlet.

So far there exists no similar outlet in Newfoundland, and although there are said to be considerable areas of land suitable for dairying and livestock raising these have yet to be developed. Profits made on the flour produced in Newfoundland might easily be offset by losses entailed in distant marketing of the by-products. Developments of diversified agriculture, particularly dairying, apparently must go hand-in-hand with the development of the milling industry.

Quorum Is Still Lacking For Massey-Harris Bonds

Necessary quorum of bondholders of Massey-Harris Co. may still be lacking at the adjourned meeting September 28, judging by the slow response from holders of bearer bonds. Holders of registered 5% debentures have responded well.

If a second adjournment is necessary the third meeting will probably be called for a date toward the end of October

DIVIDEND NOTICES

THE DOMINION BANK

Notice is hereby given that a Dividend of two and one-half per cent upon the paid-up capital stock of this Institution has been declared for the quarter ending 30th September, 1936, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 1st day of October, 1936, to shareholders of record of the 19th September, 1936.

By Order of the Board.

DUDLEY DAWSON,
General Manager.

Toronto, 13th August, 1936.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per Share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

1st October, 1936,

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

A. J. Freiman, Limited

DIVIDEND NOTICE

A dividend of one and one-half per cent (1½%) on the 6% cumulative redeemable convertible preferred shares of A. J. Freiman, Limited, being at the rate of 6% per annum, will be paid on the 1st day of October, 1936, to shareholders of record September 15th, 1936.

By resolution of the Directors.

Dated at Ottawa, the 15th day of September, 1936.

B. M. ALEXANDOR,
Secretary-Treasurer.

Little Long Lac Gold Mines Limited

25 King St. W., Toronto, Ont.

Dividend Notice

Dividend No. 3

Notice is hereby given that a dividend of 10c per share has been declared by the Directors of Little Long Lac Gold Mines Limited, payable in Canadian funds on October 20, 1936, to shareholders of record at the close of business on October 5, 1936.

By order of the Board.

L. A. MACDONALD,
Secretary-Treasurer.

September 16, 1936.

DIVIDEND NOTICES

Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable October 1st, 1936, to Shareholders of record as at close of business, September 15th, 1936.

W. S. BARBER,
Secretary-Treasurer.

San Antonio Gold Mines Limited

(No Personal Liability)

Interim Dividend Number Six

Notice is hereby given that a dividend of seven cents (7c) a share on the outstanding capital stock of the company has been declared, payable October 10th, 1936, to shareholders of record at the close of business on the 21st day of September, 1936.

By order of the Board.

M. SNYDER,
Secretary.

Winnipeg, September 9, 1936.

Chartered Trust and Executor Company

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company, for the quarter ending September 30th, 1936, payable October 1st, 1936, to shareholders of record at the close of business September 15th, 1936.

By Order of the Board,

E. W. McNEILL,
Secretary.

Dated at Toronto,
August 27th, 1936.

United Securities Limited

Notice is hereby given that a dividend of Fifty (50c) cents per share has been declared on the outstanding common shares of the Company for the quarter ending September 30th, payable October 15th, to shareholders of record September 25th, 1936.

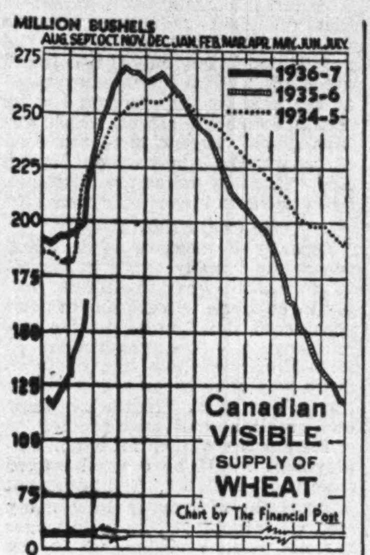
By Order of the Board,

JAMES WILSON,
Secretary-Treasurer.

Montreal, September 15, 1936.

NO SIGN OF DROUGHT HERE

Although southern Saskatchewan again suffered from drought this year, one of the heaviest crops in the province was grown a few miles from Regina on the farm of T. A. McCusker. He grew 2 plots of the new Thatcher rust resistant wheat for the Searle Grain Co. with a 16-acre plot producing 33 bushels to the acre as shown above and a 36-acre plot that yielded over 30 bushels.



COMING OUT FAST

New wheat continues to be delivered rapidly to country elevators throughout the Canadian west. Although rising prices will undoubtedly have a tendency to make farmers hold back sales, on the other hand shortage of ready cash is a big consideration in the other direction. Probably a larger number of farmers than usual are selling cash wheat and purchasing futures in an effort to cash in on any advance that may take place later on.

Notwithstanding these unusually heavy and unusually early deliveries weekly export clearances of around 5 million bushels weekly have kept the upward movement of visible wheat in marketable positions down to a more moderate pace than a year ago.

Details in bushels are as follows:

	Week of Sept. 18	Last Week	Last Year
Canadian Visible	160,140,000	154,105,000	221,940,000
Export Clearances*	4,304,102	5,492,330	3,682,929

*Plus U. S. imports.

Rust Resistant Wheat Seen in New Thatcher

From Our Own Correspondent

WINNIPEG.—As threshing reports come in from the country it is evident that Thatcher wheat gave a very good account of itself this year. It seems quite possible that this variety of rust resistant wheat, developed by the Minnesota State Agricultural Experiment Station will replace Marquis in the areas of Manitoba and Saskatchewan where trouble from rust is always to be feared.

Thatcher seems to have outyielded Marquis wheat this year in all districts where rust appeared, and also in places where Marquis did not suffer noticeably from rust. As a result there is a keen demand for all available Thatcher to be used for seed next year. Possibly a quarter of a million bushels will be available. A large part of this, however, will be retained on the farms where it was produced.

The Dominion Government rust research laboratories have produced a rust resistant wheat, believed to be satisfactory for western Canada. But this has been multiplied so far only to the extent of a few thousand bushels, and it will be at least 2 years before it will be available for commercial production. Whether such wheat will utimately provide the answer to the rust problem can only be determined after several years, and continued plant breeding experiments may produce something better still.

Believed Immune

Whether any variety of wheat will remain permanently rust resistant is a matter on which plant breeders cannot be certain. There are many different varieties of rust, and a new variety might be developed at any time capable of attacking plants resistant to other varieties.

The Minnesota authorities are understood to believe Thatcher completely resistant to all types of known rust forms. That opinion is shared by some Canadian growers who this year have seen Thatcher stems remaining completely bright while Marquis wheat in neighboring fields was badly affected.

They discount reports from other districts of rust being found on Thatcher stems, and claim that seed of such wheat must have come from some strain other than that of the officially recognized Thatcher. Seed was obtained from a number of different Minnesota sources this year, including commercial truckers who might have been unfamiliar with wheat varieties.

At all events the superiority of Thatcher in rust affected areas, under weather conditions which prevailed in 1935 was so marked that thousands of farmers will be engaged next year in multiplying seed stocks for their own farms. Incidentally farmers who seeded the new variety last year will be able to sell their production at substantial premiums.

Searle Grain Introduction

Credit for introducing Thatcher to Canada largely goes to the Searle Grain Co. original sponsor of a crop testing plan for improvement of cereals sown on western farms. In this work are now also associated Northern Elevator Co., National Elevator Co., Midland & Pacific Grain Corp., British America Elevator Co., and Alberta-Pacific Grain Co.

Thatcher ripens a little earlier than Marquis and is not so bright in color as the older wheat. Preliminary milling tests put it on a par with Marquis, though this point will not be fully determined until more of the present crop has been ground into flour.

Growers are hopeful that their experience with Garnet will not be repeated. That variety produced a flour which varied slightly in texture and color from that produced from Marquis. As a result a separate and eventually a lower-priced grade had to be devised for Garnet.

DIVIDENDS DECLARED

	This payment	Date payable	Date of record
Agnew Surp., pref.	$1.75	Oct. 1	Sept. 15
Assoc. Brew.	15c	Sept. 30	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Amer. Cyanamid, A	15c	Oct. 1	Sept. 15
Do., B	15c	Oct. 1	Sept. 15
Acme Glove	50c	Oct. 1	Sept. 20
Do., pref.	$1.62½c	Oct. 1	Sept. 20
Brantford Cord, pf.	32½c	Oct. 15	Sept. 19
Brewing Corp., pf.	37½c	Oct. 15	Sept. 30
B.C. Elec. & Gas, p.	$1.50	Oct. 1	Sept. 19
Burry Bisc., pf.	75c	Oct. 1	Sept. 21
Bralorne Mines	10c	Oct. 15	Sept. 30
Do., extra	5c	Oct. 15	Sept. 30
B. C. Power, A	40c	Oct. 15	Sept. 30
Bell Telephone	$1.50	Oct. 15	Sept. 23
Brazilian Tr., pf.	$1.50	Oct. 1	Sept. 15
Bk. of N. Scotia	$3	Oct. 1	Sept. 15
Belding Cort.	$1	Oct. 1	Sept 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Brit. Am. Assur., c.	$1.25	Oct. 1	Sept. 26
Brit. Amer. Oil	20c	Oct. 1	Sept. 15
Bruck Silk Mills	‡10c	Oct. 15	Sept. 25
Bldg. Prod., A & B	35c	Oct. 1	Sept. 16
Do., extra	25c	Oct. 1	Sept. 16
Burt, F. N.	50c	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Confed. Life	$1	Sept. 30	Sept. 25
Can. Canners, 1 pf.	$1.50	Oct. 1	Sept. 15
Cosmos Imp. Mills	$1.25	Oct. 15	Sept. 30
Can. Perm. Mtge.	$2	Oct. 1	Sept. 15
Can. Indus., A & B	$1.25	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. For. Inv., pf.	$2	Oct. 1	Sept. 15
Do., com.	40c	Oct. 1	Sept. 15
Can. Nor. Pwr.	30c	Oct. 26	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Wirebound, A	37½c	Oct. 1	Sept. 15
Cariboo Gold	2½c	Oct. 1	Sept. 5
Can. W. & Cable, pfd.	*3.25	Oct. 1	Sept. 15
Central Can. Loan	$2	Oct. 1	Sept. 19
Central Pat. G. M.	4c	Oct. 2	Sept. 15
Can. Gen. Elec.	$1.25	Oct. 1	Sept. 15
Chartered Trust	$1	Oct. 1	Sept. 15
Carnation, 1st pfd.	$1.25	Oct. 1	Sept. 19
Celanese of America pr. pfd.	$1.75	Oct. 1	Sept. 18
Cons. Bakeries, ord.	20c	Oct. 1	Sept. 18
Can. Cottons	$1	Oct. 1	Sept. 22
Do., pref.	$1.50	Oct. 1	Sept. 22
Can. Bread, 1st pf.	$1.25	Oct. 1	Sept. 19
Do., B pfd.	50c	Oct. 1	Sept. 19
Consumers Gas	$2.50	Oct. 1	Sept. 15
Crown Trust	$1.75	Oct. 1	Sept. 15
Canada Packers	75c	Oct. 1	Sept. 15
Can. Celanese	40c	Sept. 30	Sept. 18
Do., pref.	$1.75	Sept. 30	Sept. 18
Can. Fairbanks, pf.	$1.50	Oct. 15	Sept. 30
Crown Life	2½%	Oct. 1	Sept. 30
Canada Life	$5	Oct. 1	Sept. 30
Can. West'ghouse	50c	Oct. 1	Sept. 21
Dome Mines	50c	Oct. 20	Sept. 30
Dom. Bank	$2.50	Oct. 1	Sept. 19
Dominion Coal, pf.	37c	Oct. 1	Sept. 15
Dom. Glass	$1.25	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Dom. Rubber, pf.	$1.75	Sept. 30	Sept. 18
Dom. Textile	$1.25	Oct. 1	Sept. 15
Do., pref.	$1.75	Oct. 15	Sept. 30
East. Steel, pf.	$1.75	Oct. 1	Sept. 15
Edm. C. Dairy, pf.	$1.62½	Sept. 30	Sept. 15
Econ. Invest.	37½c	Oct. 1	Sept. 21
Fanny Farmer	12½c	Oct. 1	Sept. 14
Do., extra	12½c	Oct. 1	Sept. 14
Falconbridge N.	7½c	Sept. 29	Sept. 10
Freiman, pfd.	$1.50	Oct. 1	Sept. 18
Frost Steel, pf.	*$1.75	Nov. 2	Oct. 16
Greening Wire, pf.	$1.75	Oct. 1	Sept. 15
Goodyear Tire	62½c	Oct. 1	Sept. 15
Do., pref.	62½c	Oct. 1	Sept. 15
Gachin Gold	18c	Sept. 30	Sept. 15
Gt.-West Life	$5	Oct. 1	Sept. 19
Hamilton Cot., pf.	*.50c	Oct. 1	Sept. 15
Ham. Un. Theat., p.	$1	Sept. 30	Aug. 31
Hinde & Dauch	12½c	Oct. 1	Sept. 15
Hollinger Cons.	5c	Oct. 6	Sept. 21
Howe Sound	75c	Sept. 30	Sept. 22
Do., extra	60c	Sept. 30	Sept. 22
Huron & E. Mtge.	$1.25	Oct. 1	Sept. 18
Inter. Nickel, c.	35c	Sept. 30	Aug. 31
Int. Nickel, pfd.	$1.75	Nov. 2	Oct. 3
Imp. Tobacco, ord.	8¾c	Sept. 30	Sept. 11
Do., pref.	3%	Sept. 30	Sept. 11
Inter. Pwr., 1st pf.	$1.50	Oct. 1	Sept. 15
Imperial Life	$3.75	Oct. 1	Oct. 1
Inter. Milling, pf.	$1.25	Oct. 15	Oct. 3
Invest. Found., pf.	37c	Oct. 15	Sept. 30
Do., arrears	13c	Oct. 15	Sept. 30
Jam. Pub. Ser.	43¾c	Oct. 1	Sept. 23
Do., pref.	$1.75	Oct. 1	Sept. 23
John A. Lang	17½c	Oct. 1	Sept. 15
Land. Bkg. & L.	$1.25	Oct. 1	Sept. 15
Lava Cap Mining	†2c	Sept. 30	Sept. 10
London Life	$2	Sept. 30	Sept. 25
Lang, J. A. & Sons	†17½c	Oct. 1	Sept. 15
Little Long Lac	10c	Oct. 20	Oct. 5
Montreal Tele.	80c	Oct. 15	Sept. 30
Marcus Loews, pf.	*$1.75	Sept. 30	Sept. 19
Mitchell, J. S., pf.	$1.75	Oct. 1	Sept. 16
Monarch Knitting	$1.75	Oct. 1	Sept. 15
Moore Corp., A pf.	$1.75	Oct. 1	Sept. 10
Do., B pf.	$1.75	Oct. 1	Sept. 10
Do., com.	25c	Oct. 1	Sept. 10
Mtl. C. & D. Bk.	$3	Oct. 1	Sept. 15
McColl-Fron., pfd.	$1.50	Oct. 15	Sept. 30
Nat. Breweries	50c	Oct. 1	Sept. 15
Do., Pref.	44c	Oct. 1	Sept. 15
Nat. Biscuit	40c	Oct. 15	Sept. 11
Niag. W. Weav., c.	40c	Oct. 1	Sept. 21
National Trust	$2	Oct. 1	Sept. 19
N. S. L. & Pr., ord.	$1.25	Oct. 1	Sept. 16
Nat. Grocers, pf.	$1.75	Oct. 1	Sept. 24
North Star Oil, pf.	*8¾c	Oct. 1	Sept. 18
Ont. Loan & Deb.	$1.50	Oct. 1	Sept. 21
Ottawa L. H.	$1.50	Oct. 1	Sept. 15
Do., pref.	$1.62½	Oct. 1	Sept. 15
Ottawa Traction	50c	Oct. 1	Sept. 15
Ogilvie Flour, c.	$2	Oct. 1	Sept. 19
Pickle Crow M.	5c	Sept. 30	Sept. 16
Pioneer Gold	20c	Oct. 1	Sept. 1
Power Corp., pf.	$1.50	Oct. 15	Sept. 30
Do., 2nd pf.	75c	Oct. 15	Sept. 30
Petrol Oil & Gas	2c	Oct. 1	Sept. 15
Premier Gold M.	3c	Oct. 15	Sept. 15
Do., extra	1c	Oct. 15	Sept. 15
Pressed Metals	37½c	Oct. 1	Sept. 15
Page-Hersey	75c	Oct. 1	Sept. 15
Porto Rico Pr. pf.	$1.75	Oct. 1	Sept. 15
Prov. Paper, pf.	$1.75	Oct. 1	Sept. 15
Reno Gold	5c	Oct. 1	Sept. 10
Remington-Rand	15c	Oct. 1	Sept. 10
Do., stock bonus	1%	Oct. 1	Sept. 10
Riverside Silk, A	50c	Oct. 1	Sept. 12
Sec. Std. R'lties, pf.	1c	Oct. 1	Sept. 15
Sher.-Williams, p.	*$1.75	Oct. 1	Sept. 15
South. Can. Pr., pf.	$1.50	Oct. 15	Sept. 19
Sylvanite Gold	5c	Sept. 30	Aug. 17
Sheep Creek Gold.	2c	Oct. 15	Sept. 30
Sunshine Mining	50c	Sept. 30	Sept. 15
San Antonio Gold	7c	Oct. 10	Sept. 21
Standard Fuel, pf.	$1.62½	Oct. 1	Sept. 15
Tip Top Tailors, pf.	$1.75	Oct. 1	Sept. 21
Teck-Hughes	10c	Oct. 1	Sept. 10
Tuckett Tob. pf.	$1.75	Oct. 15	Sept. 30
Tor. Mortgage	$1.50	Oct. 1	Sept. 15
Tamblyn, pfd.	$1.75	Oct. 1	Sept. 19
Tor. Elevators, pf.	$1.75	Oct. 15	Oct. 1
Tor. Gen. Trusts	$1	Oct. 1	Sept. 19
Un. Gold Equities.	3c	Oct. 15	Oct. 5
Unit. Secs.	50c	Oct. 15	Sept. 25
Wright-Har.	10c	Oct. 1	Sept. 8
Do., extra	5c	Oct. 1	Sept. 8
W. Koot. Pr., pf.	$1.75	Oct. 1	Sept. 22
West. Grocers	50c	Oct. 15	Sept. 20
Do., pref.	$1.75	Oct. 15	Sept. 20
West. Assur., com.	$1	Oct. 1	Sept. 28
Weston, Geo.	20c	Oct. 1	Sept. 19
Do., pref.	$1.25	Nov. 2	Oct. 20

‡Interim. *On arrears.
†Initial.

Montreal Tramways Company

DIVIDEND NOTICE

Notice is hereby given that a dividend of TWO DOLLARS AND TWENTY-FIVE CENTS ($2.25) per share, for the quarter ending September 30th, 1936, has been declared upon the paid in Capital Stock of the Company, to Shareholders of record on Saturday, the 3rd day of October, 1936, at 12 o'clock noon, and payable on Thursday, the 15th day of October, 1936.

By order of the Board,

PATRICK DUBEE,
Secretary-Treasurer.

Monday, September 21st, 1936.

Canada Iron Foundries Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of 1½% on the $100.00 par value 6% non-cumulative Preferred Shares of this Company has been declared for the half year ended June 30th, 1936, payable November 15th, 1936, to Holders of record October 31st, 1936.

By order of the Board.

M. S. GROGAN,
Secretary-Treasurer.

Dated at Montreal,
September 19th, 1936.

Brewing Corporation of Canada Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of thirty-seven and one-half cents (37½c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared, payable on the 15th day of October, 1936, to shareholders of record at the close of business on the 30th day of September, 1936.

By Order of the Board.

W. C. BUTLER,
Secretary.

Toronto, Ontario,
September 21st, 1936.

Peace River Snow Delays Threshing

From Our Own Correspondent

WINNIPEG.—The Peace River district's heavy snow storm of last week has delayed threshing of the crop, but no other serious damage is feared.

Farmers will have to wait until the grain is thoroughly dry before resuming threshing, and this will take longer than if the same amount of moisture had fallen as rain, for melting snow can soak stooks very thoroughly. But there is a long period ahead in which suitable drying weather is probable.

United States Winter Wheat Is Threatened

Big Area Is Still Short of Necessary Moisture

From Our Own Correspondent

WINNIPEG.—United States observers are worrying over the possibility of another short winter wheat crop due to drought.

Acreage seeded, and yet to be seeded in winter wheat states is probably as large as the largest total ever previously recorded, but much of the land, especially in the far southwest is considered to have a slim chance of making a good crop. In that territory healthy growth before freeze-up is regarded as essential if winter wheat is to escape the danger of winter killing.

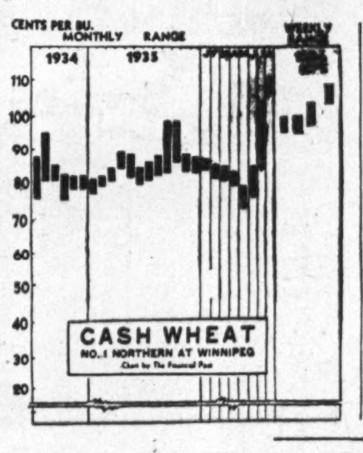
Over a large part of the winter wheat belt, essential climatic conditions are comparable to those in southern Saskatchewan. Rainfall at best is never much beyond that required for a good crop, and any great reduction below average rainfall puts the crop in a precarious condition. Moreover, distribution must be favorable, with an accumulation of ground moisture in the fall in order to allow the grain a good start at the beginning of the spring growing season.

Chicago Relatively Weak

The Chicago wheat market has lately, however, lacked strength compared with Winnipeg and Liverpool. Although Minneapolis is offering higher prices than Liverpool, Chicago is at a discount under Liverpool, and only a little over Winnipeg, and on the May delivery only a few cents a bushel over Winnipeg. In a year when the United States is importing large quantities of wheat, when a shortage of other foods is feared, and when feed grain prices are extraordinarily high, the performance of the Chicago wheat market has not been impressive.

One explanation is that speculative interest has lately centred more about the corn crop. Again the forced marketing of livestock has kept meat prices low. On that account the expected increase in buying of flour has not yet occurred.

Wheat Prices



(Cash Quotations)

	For Week Sept. 22 High	For Week Sept. 22 Low	Prev. Week High	Prev. Week Low
At Winnipeg:	$	$	$	$
1 Man. Hard	1.10	1.05⅞	1.05	.99¾
1 Northern	1.09½	1.05¼	1.04¼	.99
2 Northern	1.08	1.03⅞	1.02¾	.97⅝
3 Northern	1.05½	1.01⅛	1.00¼	.94⅞
4 Northern	1.03¾	.99⅛	.97¾	.92
5 Wheat	1.00¼	.96⅛	.95	.88½
6 Wheat	.98¼	.94⅛	.93	.87½
Feed Wheat	.84¼	.81⅛	.80	.75
Vancouver: Week to Sept. 21:				
1 Northern	1.06	1.02½	1.01⅜	.98

Competitive Export Prices:
(Sept.) shipment.

Week to Sept. 19	High	Low
No. 1 North. (Vanc.)	1.22⅛	1.18⅝
No. 2 North. (Atlan.)	1.20½	1.17¾
No. 2 North. (Vanc.)	1.21	1.19⅝
Jugoslavian	1.09⅛	1.07⅛
Australian	1.24⅛	1.20⅛
Argentine Rosafe†	1.07⅛	1.06¾
Indian (choice Karachi)	1.21¾	1.19⅜

†January.

Winnipeg Grain Futures

Week to Sept. 22, 1936

Crop year from Aug. 1, 1936 High	Crop year from Aug. 1, 1936 Low		Open Sept. 16	High for week	Low for week	Close Sept. 22
		Wheat				
1.09⅞	.94⅝	Oct.	1.05⅜	1.09⅞	1.05	1.09¾
1.08⅝	.93½	Dec.	1.04	1.08⅝	1.03¾	1.08⅛
1.10½	.95½	May	1.05¾	1.10½	1.05¾	1.10¼
		Oats				
.49¾	.41⅛	Oct.	.45	.45⅞	.44⅛	.45⅞
.48¼	.41¼	Dec.	.44½	.45⅞	.44½	.45½
.48¾	.42¼	May	.45⅜	.46⅞	.45¼	.46½
		Barley				
.66¼	.51½	Oct.	.59	.64⅛	.58⅛	.64
.61⅝	.50¼	Dec.	.56¾	.60½	.56⅝	.60⅝
.61¼	.50⅞	May	.57⅛	.60½	.56⅞	.60⅛
		Flax				
1.90½	1.65	Oct.	1.68¾	1.69	1.66	1.68⅛
1.88	1.63	Dec.	1.67½	1.68	1.64½	1.67¼
1.74	1.65¾	May	1.70	1.71⅝	1.67¼	1.70⅝
		Rye				
.71⅜	.62	Oct.	.69	.70¼	.68¼	.69¾
.70	.61¾	Dec.	.69	.69⅞	.67½	.69⅝
.71⅝	.62⅝	May	.69½	.70¼	.67¾	.70⅛

S. C. JOHNSON & SON, LIMITED

This company was founded in 1886 to manufacture and sell hardwood flooring. The need of finishing materials for these floors was realized and after considerable experimenting Johnson's Wax was perfected.

An international business developed with factories at Brantford, Canada; London, England; Sydney, Australia; Berlin, Germany, and Paris, France.

The Canadian factory at Brantford was established in 1920.

Advertising of this Company appears in

Maclean's
Canada's National Magazine

Federal Grain

Operations of Federal Grain Ltd. for the year ended July 31, 1936, resulted in a net loss of $9,457 after depreciation of $439,286 was provided and $217,136 of bond interest and exchange paid. For the previous fiscal year after taking care of all charges, but without meeting preferred dividends which are in arrears since Feb. 1, 1931, net income was $14,194.

Working capital position was further improved by $274,531 and now stands at nearly $1.5 million.

In the report to shareholders it is pointed out that the $1 million issue of general mortgage debentures hypothecated against loans with the banks has been released and is now in process of being cancelled. The regular sinking fund payment was made during the year, resulting in a reduction in the funded debt of $120,962.

WHEAT and COARSE GRAINS
IN STRONG POSITION
We offer you the facilities for trading afforded by our different grain memberships.
Bongard & Company
80 KING ST. WEST, TORONTO. EL. 5381
GUELPH KITCHENER WINDSOR HAMILTON
The Toronto Stock Exchange
Winnipeg Grain Exchange
Chicago Board of Trade
New York Curb (Assoc.)
Montreal Stock Exchange
Montreal Curb Market
Commodity Exchange Inc.
Canadian Commodity Exchange Inc.

TORONTO ELEVATORS LIMITED
Capacity:
Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels
The most modern facilities for the storage and transfer of grains, for grain conditioning, and for the production of Master feeds for Livestock and Poultry. "Master" feeds are endorsed and recommended by leaders in the livestock industry of Canada.
Toronto Elevators Ltd.
also Owning and Operating
The Sarnia Elevator Co. Ltd.
QUEEN'S QUAY TORONTO

Northern Elevator Company
Limited
Incorporated 1893
OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE
Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

THE CANADIAN CONSOLIDATED GRAIN
COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants—Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

NORRIS GRAIN COMPANY
LIMITED
WINNIPEG AND TORONTO
PRIVATE WIRE SERVICE
GRAIN AND STOCKS
Represented by NORRIS GRAIN CO. at
London, Liverpool, Chicago, New York, Toledo, Kansas City

From Wagon to Sea-Board —
— Fair and Efficient dealing is the "A.P." Standard of Service.
The ALBERTA PACIFIC GRAIN COMPANY Ltd.
LICENSED AND BONDED WITH THE BOARD OF GRAIN COMMISSIONERS

EST. 1857
Grain Merchants
Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS
Limited
WINNIPEG REGINA
MONTREAL MOOSE JAW
VANCOUVER SASKATOON
TORONTO CALGARY
KINGSTON EDMONTON

If mildness appeals—
"EXPORT"
CIGARETTES
—will win you.

Sees Little Likelihood Big Exports to Russia

Never Relatively Important Recently and of Diminishing Type

USING LESS CATTLE

How Much Will Russians Buy?

Much has been written concerning the potentialities of the Russian market as an outlet for Canadian products. But reduced to economic facts what will be the probable result of the new trade treaty pending?

Not a great deal, according to William H. Moore, former head of the Canada's Tariff Board.

Both Canada and Russia are largely interested in agricultural production and once farming in the U.S.S.R. is fully reorganized with good foundation livestock and cereal varieties Mr. Moore sees little likelihood of future trade between the 2 countries living up to much of the recent ballyhoo.

By WILLIAM H. MOORE

W. H. MOORE

Russian trade is seldom discussed on its economic merits; the subject seems to have fallen into the hands of 2 warring factions, one holding stoutly that to barter with Communists is to contribute to the destruction of civilization, while the other side as stoutly regards non-participation in Russian trade as downright proof of bigotry. The issue is a natural one, in view of the 2 great fields of thought sweeping the world.

Should We Trade?

Canada is neither Fascist nor Socialist; it is as yet dominantly liberal; how far may it adjust its economic and political liberal structures to the requirements of trading with Socialist and Fascist states?

That question seems to be a basic one; and obviously it ought to have an unequivocal answer before we enter upon extensive trade relations with the U.S.S.R. For, the trade of the U.S.S.R. is conducted by huge trading monopolies; and Canada simply cannot condemn domestic combines while giving foreign monopolies the run of the market.

Canada needs employment; what prospect have we of securing employment through trade relations with the Russian state? For the moment we may well lay aside social and political issues and go searching for the pot of gold that is supposed to lie at the bottom of the Russian rainbow. Let us determine, as closely as we can, what we may reasonably expect in dollars from selling goods to the Russian monopolies. We need not draw upon our imagination; the facts are largely a matter of public record.

Unimportant in World Trade

Beginning 1928, the Russians set about a course of industrial expansion. The movement excited a world-wide attention, at the time, for 2 reasons: First, Socialism had recently come out of the academic cupboard and was being tried out on a vast practical scale; it had become the Great Experiment and, second: the Russian movement involved purchases in foreign markets at the very time the foreign trade of the capitalist nations had begun to decline.

The situation was a spectacular one. Socialist trade going up and capitalist trade going down! Naturally publicists and politicians discussed the matter and speculated about the consequences; and, as it turned out, they created a mountain out of a mole hill. Whatever the domestic size of its trade, the U.S.S.R. has never had a foreign trade of relative importance. At its peak, in 1931, the imports of the U.S.S.R. were only about 3% of the worlds total.

Here are the figures:

Foreign Trade of U.S.S.R.

	Imports $	Exports $
1929	453,200,000	475,300,000
1930	545,300,000	533,700,000
1931	568,600,000	417,400,000
1932	352,300,000	295,900,000
1933	179,200,000	254,700,000
1934	119,600,000	215,300,000
1935	124,200,000	189,100,100

The rapid drop in the imports of the Soviet might have been expected from their nature. During the years immediately preceding 1933, the Soviets were importing capital goods; about 70% of their foreign purchases were for products of iron and steel, machinery, factory equipment, etc. When the Bolsheviks had completed their building programme they just naturally stopped buying; at least, they closed down on foreign purchases.

Let us now turn to the direct Canadian interest in the matter.

Canadians could not have hoped to share in the trade of the U.S.S.R. when it was supposed to be "big," for Canadians themselves are quite heavy importers of machinery for factory equipment. The Soviet Union is supposed to be poor in the supply of copper and we have a chance of trade in that direction; but our most discussed export opportunity lies with cattle and some years ago we were quite excited over the prospect.

It will be recalled that Russia was then supposed to be suffering a shortage of meat supplies. Shortly after Russian farmers had been ordered to share their cattle with the proletariat their herds began to diminish and within 24 months the country's livestock had suffered a 40% diminution. Although some of us may hold strong views on the merits of the transaction let us put them aside to enquire into our chances of supplying cattle to replace those that were eaten by their hungry Russian owners.

We may safely assume the Soviets were not at all embarrassed by Canada's refusal to enter into a cattle deal with them for Canada's supply of livestock is small as compared with the world's stock. But were the Soviets ever really anxious to import large quantities of cattle?

Nowhere in all the world will you find a state more bent than the U.S.S.R. upon autarky. There is no doubt about it; the Russians will not buy abroad anything they can produce at home. We may not blame them, but let us recognize that their socialism is the antithesis of the classical doctrine of international liberalism with its basic tenet of exchange according to relative costs. During the 2 years, 1932 and 1934, the Russians increased the production of motor cars from 24,000 to 72,500; tractors, from 51,000 to 114,800; locomotives, from 829 to 1,326; and there is no one to suggest these things could not have been bought to better advantage abroad.

From Beef to Pork

And it was not different with the meat supply. When Russian Socialists found themselves short of meat they proceeded to establish breeding stations and then turned to divert the people from eating animals that are slowly converted into meat to eating animals that rapidly reproduce themselves. The story may be had briefly by glancing at the nature of the Russian meat supply as set out for the second Five Year Plan as compared with the first Five Year Plan.

The Soviet's Meat Supply

Year	Beef and Veal %	Mutton and Lamb %	Pork %	Poultry and Rabbits %
1928 ..	42.5	18.3	33.3	5.9
1932 ..	46.8	18.1	27.7	7.4
1937 ..	27.3	7.1	50.6	15.0

Better Promise Elsewhere

One is tempted to comment upon several phases of this remarkable programme, including its refutation of Herr Hitler's charge that Russian policy is directed by the Jews; for the substitution of pork chops in place of veal cutlets would seem to dispose the charge. But our immediate business is to determine how much effort we shall put into the development of trade with the U.S.S.R.

According to the 1935 figures the U.S.S.R. ranks 20th among the nations in foreign trade importance; with 170 millions of people the U.S.S.R. held 1.33% of the world's trade in merchandise; with little more than 4 millions of people Switzerland had 1.68% One should not sneeze at a chance to secure a part of an annual trade of even $100 millions, but, relatively speaking, the U.S.S.R. does not look like a promised land. In fact, there are several South American countries that give Canada better promise of trade and, at the same time, offer less threat to our already strained liberal, economic structure.

Municipal Finances

London, Ont. reports that to July 31, the London and Port Stanley Railway was approximately $12,000 behind last year in its ordinary operating account. Operating deficit for 1936 to that date was $9,338. In the same period of 1935 there was a profit of $2,447.

* * *

Hamilton, Ont., 1936 revenue to the end of August was over $1 million in advance of the same period of 1935, according to a report made by E. R. C. Bower, commissioner of finances. To a large extent the improvement is due to the new quarterly tax collection system. Previously taxes were collected in 2 installments. Total revenue to the end of August was $6,596,370, compared with $5,512,782 in the same period last year.

* * *

Toronto, Ont., relief costs continue to decline. The net cost of unemployment relief to the city during the 8 months ended August 31 was $1,922,901, which is $566,975 lower than in the corresponding period last year. Gross expenditure including the provincial government's share, was $6,132,583, a decrease of $838,748. The number of people on relief in August was 67,141, compared with 79,184 in August, 1935.

* * *

Ottawa, Ont., is making application to the Ontario Municipal Board for authority to issue $350,000 of debentures in order to construct additional relief sewers. The list is substantially the same as that rejected earlier in the year by the private bills committee of the Ontario legislature on the grounds that the expenditure should first have the approval of the ratepayers.

* * *

Saskatoon, Sask., has drawn the attention of The Financial Post to a recent enquiry letter appearing in its columns in which it was stated that there was a shortage in the city's sinking fund. While 1935 sinking fund installments were in arrears $99,558 at the end of 1935, the fund actually had a surplus of $223,038. It is pointed out that the city follows the practice of depositing in the fund every dollar collected for that purpose. On account of taxes not being paid there is always a carryover at the end of each year, but such carryover is always paid into the fund during the next succeeding year. As regards management of its sinking fund, the city has an excellent record. Of a total investment account of $5.8 millions, only $6,321 are in default. This amount is made up of some rural telephone company and rural school district bonds.

* * *

Ottawa, Ont., tax collections for the first 8 months of 1936 are well ahead of last year, total collections to date amounting to $4,890,860, an increase of $124,248 over the same period of 1935. For 1936 taxes, the total collected to August 31 was $3,708,576. An increase in the tax levy is partly responsible for the larger amount collected, the tax rate being 2.2 mills higher than in 1935.

* * *

Toronto, Ont., collections of 1936 taxes during the first and second installment periods, that is to August 22, showed an increase of 2.79% over last year. Revenue from collection of all taxes, including arrears from previous years, showed an improvement of 1.51%. Of this year's realty and business tax levy, a total of $22,995,000 or 66.72% had been collected to August 22, compared with $21,795,000 in the same period of 1935. Of the $10 millions of arrears outstanding at Jan. 1 last, a total of $5,222,000 has been paid off, leaving arrears outstanding $564,000 less than a year ago.

* * *

Sarnia, Ont., reports collection of 1936 taxes to the end of August totalled $408,316, an increase of $31,375 over the total for the corresponding period of 1935. Collections of arrears of taxes, on the other hand, declined $27,634, arrears paid in the first 8 months of the year totalling $107,913.

* * *

Brandon, Man., Cash collections for the first 8 months of the year are $53,351 better than they were in the same period of 1935. This is largely due to early payment of taxes. Real estate taxes, business taxes, collection of arrears, and miscellaneous collections all show an increase over last year. Total collection in 1936 to the end of August total $319,277, compared with $265,826 in the same period of last year.

Savoie Appointed Member Of Montreal Tram Board

From Our Own Correspondent

MONTREAL. — J. A. Savoie, notary of Montreal, has been appointed a member of the Montreal Tramways Commission replacing Paul Beique. Other members of the commission are Victor Cusson and W. I. Bishop.

—Blank-Stoller Photo.

ON C.N.R. BOARD

D. H. McDougall, of Stellarton, N.S., and Montreal, liquidator of Nova Scotia Steel and director of other companies, who has been appointed to the board of the C. N. R.

See Tucker New Manager Con. Gas Co.

Likely to Succeed Late Arthur Hewitt — Year's Results Unchanged

RECENT SALES BETTER

The death of Arthur Hewitt, president and general manager, removes one who has been associated with Consumers Gas for half a century and who has contributed materially to its progress during this period. In view of the fact that Edward J. Tucker, secretary for many years, was appointed assistant general manager last year, and had most of the responsibilities of the position on his shoulders during the last year while Mr. Hewitt has been in failing health, it is generally expected that he will be chosen eventually as general manager.

As Mr. Hewitt was general manager for many years before he was appointed president, it is rather expected that the new president will be chosen from the board of directors. Most investors familiar with the traditions and history of the company rather expect that the president will be chosen from the 3 members of the executive committee. The latter is composed of A H. Campbell, vice-president of the company, and Col. J. F. Michie and F. G. Osler. Decision may not be made until November or just before the annual meeting.

Maintains Earnings

For the year ending this month, Consumers Gas is expected to show financial results similar to those for 1935. Then earnings were sufficient to maintain dividends and to meet actual cost of repairs and renewals on plant and equipment. To meet statutory depreciation requirements, however, $504,215 was transferred from the general reserve, leaving the latter at $6.4 millions.

July output was 2.2% in advance of July, 1935, but for the first 10 months of the current year sales were almost identical with the corresponding period a year ago. The improvement in sales and collections in recent months is cited as an encouraging factor.

Sales of appliances continue to advance. June sales were 14% higher than in June, 1935, July of both years showed an equal total but for the 10 months sales were 9% higher. Gas refrigerator sales have gained 34% in the year.

Alberta Has Authority To Control Newspapers

Unceasing Attacks on Press Have Been Made by Social Crediters — Considered Good Political Strategy

From Our Own Correspondent

EDMONTON. — Behind Premier William Aberhart's recent threat to license the newspapers of Alberta, to make them "live up to a certain standard of truth," lies an unceasing attack upon the press that has become a characteristic feature of Alberta political life. Fresh belaboring of the newspapers has become the regular signal at Social Credit meetings for loud applause.

On one occasion the prophet-premier returned thanks to Providence that "there'll be no newspapers in Heaven." His Sunday politico-prophetic sermons frequently combine denunciations of press error with exhortations to his hearers to follow the daily news to see whether or not the scriptural predictions are coming true.

The fact that lends a serious aspect to the threat to curb newspapers is that power to do so is already available to the government. The Licensing of Trades and Businesses Act, of April, 1936, empowers the government to extend licensing to any business in the province. Thus newspapers, the government believes, could be brought under control exactly as retail business is.

Rests On 3 Factors

Mr. Aberhart's feud with the newspapers appears to rest on 3 factors. First, the advantage of discrediting opposition as against meeting it with sound logic is a discovery in political technique that Social Credit leaders have found useful. Again, a number of incidents suggest a tendency with Social Credit leaders to prefer denials of press reports to admissions of error or changes of mind on their own part. Lastly, an extraordinary sensitivity to press references to themselves, which is the price of their present fame, has called forth some of the strongest language of Alberta's leaders.

Cabinet Interested in Albertan

An unusual element in the situation is that many Social Crediters, including cabinet ministers, are known to be owners of shares in the company promoted to take over the Social Credit daily newspaper, the Calgary Albertan. While this project has not been carried to completion, hope still exists in the party of it going through. To a large extent the attack on newspapers involves appeals to supporters to restrict their reading and their advertisements to the party newspaper.

Aberhart's Attitude Has Changed

Discovery of the political value of continuous attack upon the press seems to have been made some time after Mr. Aberhart became premier. In his early days in office he was much more willing to allow free discussion of Social Credit ideas. This was in spite of advice from Major Douglas that criticism would require drastic treatment.

The Aberhart-Douglas correspondence reveals an illuminating incident. Writing to Mr. Aberhart on Sept. 5, 1935, Major Douglas said: "I should not hesitate to pillory in every possible way those who refuse to assist."

In reply, Mr. Aberhart wrote on Sept. 24, 1935: "Thus far the papers have been very friendly to us indeed and are giving us the publicity we need. I have found that we get greater support by presenting our case rather than attacking the enemy."

Put Blame on Press

Incidents in which denials, coupled with complaints of misrepresentation, have been issued when the error was plainly on the government side, or a change of mind had occurred, are numerous. One recent case will illustrate. On Aug. 31, during the recent special session, Mr. Aberhart told a number of reporters that the debt reduction measure then before the house would "be proclaimed as law only if it is found necessary." When the measure passed the next day, it was found to be effective on royal assent, which was then given. Referring to the Aug. 31 report, Mr. Aberhart on Sept. 2 said: "That is a deliberate falsehood. I never made any such statement."

Some Censorship Already

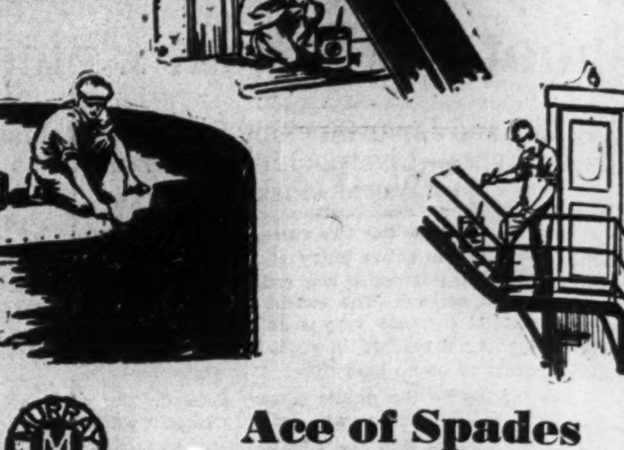
Actually a measure of informal censorship already exists in respect to government news in Alberta, simply through the withholding of news considered detrimental to the administration. The experiment in scrip illustrates how this operates. Scrip was adopted as a demonstration of the use by Albertans of their own credit, and advance predictions of the number of men for whom employment would be created ranged from 10,000 to 20,000. The important information of exactly how many men were employed on scrip wages has not been revealed, up to the present, despite energetic efforts of newsmen to obtain the figure, which would aid the public greatly in judging the value of the experiment.

Use Canadian Fir On Cunarder '522'

From Our Own Correspondent

MONTREAL.—More than 250,000 wooden blocks of Canadian fir will be laid to support the Cunarder "No. 552," sister ship of the Queen Mary, during her construction.

According to cable dispatches from Glasgow, the first consignment of keel plates were laid out on the floor of the designers shop, where they will be prepared for drilling before being placed on steel blocks.



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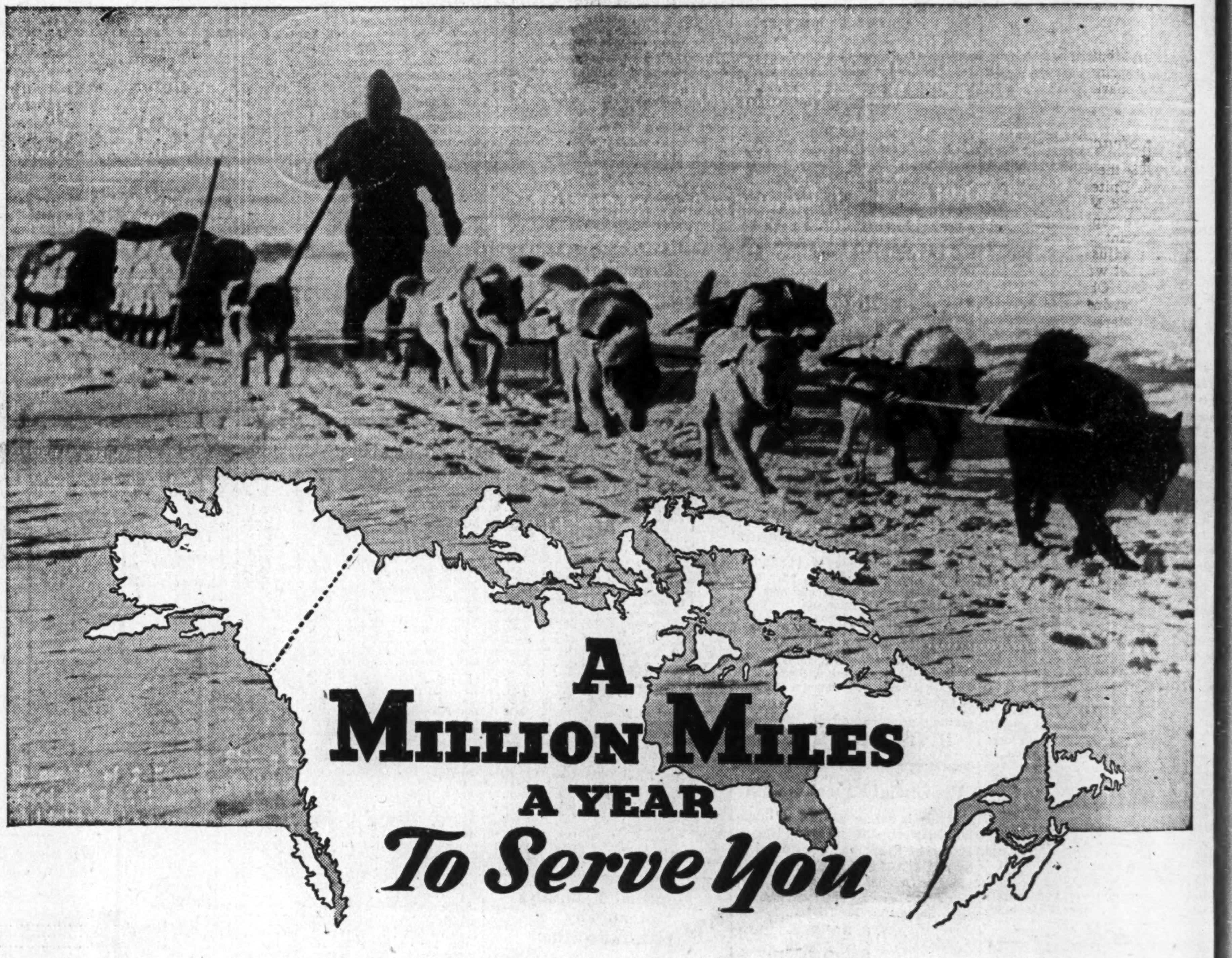

In the Yukon's barren wastes, a dog-team crawls across the bleak landscape, a day out of Aklavik . . . 'Way up in Northern Quebec a silvery 'plane glides to rest on a sparkling lake in front of a new gold camp . . . And on Cape Breton's rugged coast, within sight and sound of the pounding surf, a small car jogs and jolts along a little-travelled road . . . each carrying an Imperial man on his appointed round.

You want your "smokes" when you want them, and Imperial salesmen see that you get them whether you live in the wilds of the frozen North, on a deep sea trawler, or at an exclusive city club.

That is the saga of selling tobacco products. On blazed trail or boulevard, by Mackenzie River steamer or air-conditioned train, our men are on the road travelling each year more than a million miles throughout the length and breadth of Canada, visiting the nearly 60,000 outlets for Imperial Tobacco products.

Picked, experienced and wise in the likes and dislikes of smokers, this sales and advertising staff of ours numbers 219 men. Facing hardships cheerfully, they meet the events of the day with a smile — whether they be thrilling or prosaic, routine or extraordinary. And though dealers' problems differ, all call for assistance — so these men must be resourceful in reaching solutions, because the answers can't be found by looking in "the back of the book"!

We like to think of our representatives and the dealers as ambassadors of goodwill to you. On their efforts and sympathetic understanding of your wants and preferences depends so much of our success in pleasing you.

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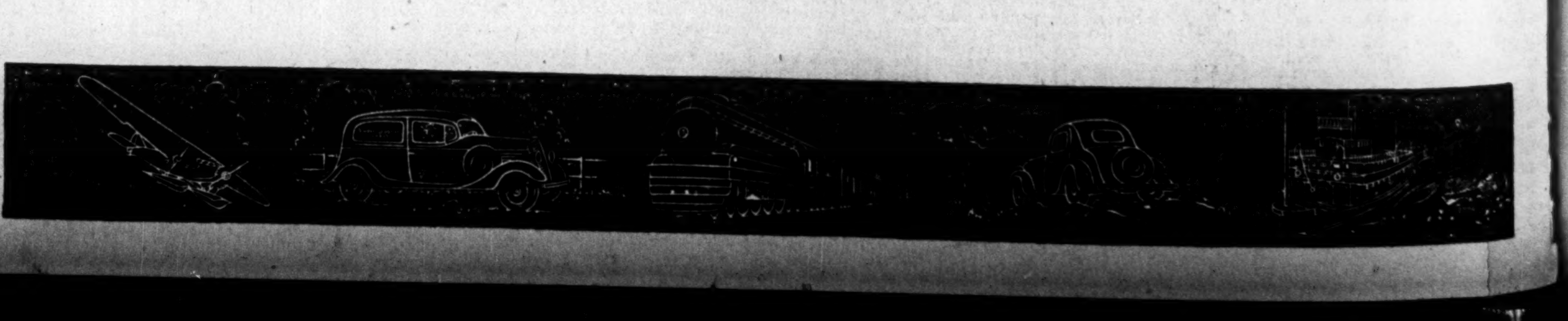

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SECOND SECTION

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Canada's Great Newsprint Industry Staging Comeback

Increasing Demand Sends Mill Operations to Highest Level in Years —But Low Prices Are Still Big Handicap—Investors Scent Profits

By JOHN E. LANGDON

—Photos courtesy Howard Smith Paper Mills.

MEN — MATERIALS — MACHINES

Increased tempo of business over the last two years has greatly added to the demand for Canadian paper. With the gain in operations has come an increase in earning power and general resumption of dividends by the fine paper companies and a stronger position for those manufacturing newsprint.

AFTER 7 years in the valley of depression, the Canadian newsprint industry is on the way out. To many, the troubles of the industry have been solved; a belief backed by the rapid rise in security values over the past 12 months. Most certainly the industry is progressing to more prosperous times, but difficulties remain to be ironed out.

It is a simple matter now to look back and say that the industry's troubles have been due to the promoter, the investment dealer, the provincial governments, or even the men responsible for manufacturing and sales policies. Undoubtedly each one contributed something to the downfall of the industry, but the economic forces upon which this industry rose to its greatest height were leading inevitably to its breakdown.

Consider the phenomenal growth of the publishing industry in the United States after the turn of the century and the uncontrolled expansion of productive facilities to meet the demand for newsprint. The forest reserves of the U. S. were inadequate and when the tariff on newsprint imports was lifted in 1911, American capital began the exploitation of Canada's rich timber resources. The war put a brake on this expansion followed by a severe setback in the post-war period.

Between 1919 and 1930, 91 newsprint machines were installed in this country, adding 8,360 tons to the daily capacity of the industry. This represented a straight line increase of 216,000 tons a year in the quantity of newsprint which the Canadian industry had to market.

* * *

Price Structure Breaks

UP TO 1928 the market, particularly that in the United States, absorbed all the paper produced. Mill operations were at or near effective capacity and the selling price of newsprint allowed a handsome profit. But the adjustment period was at hand. The market was beginning to suffer from indigestion. Obviously the industry had overbuilt, yet in the next 2 years, 12 more machines were installed, adding another 1,700 tons to the daily capacity of the industry.

This abnormal expansion naturally brought in its wake a weakening of the price structure. The scrambling for business by newer mills and the giving of concessions, price rebates and other contractual schemes to hold contracts forced down the price of newsprint. Unlike other industries, the manufacturers had only one price on contract deliveries, so that when one large mill made a reduction others were forced to do likewise owing to the type of inter-locking price agreements then and now in force.

Though the downward trend was inevitable, efforts were made to bring about an orderly price reduction. A fair measure of control was exercised by the mill owners over the market until 1928, after which the mill price dropped to an average of $33.20 a ton at Three Rivers. This contrasted with $65 a ton in 1927 and $103.75 a ton in 1921.

As all machines installed between 1921 and 1930 were capitalized on the basis of 80% or more of effective capacity and a selling price for newsprint of better than $65 a ton, it does not require much imagination to realize what happened when mill operations for the whole industry dropped to less than half of capacity and the selling price to a point where costs were barely covered.

* * *

Rounding the Curve

THE first of the large operators to go under was Canada Power and Paper. Then came Minnesota and Ontario, Great Lakes Paper, Price Bros. and Co., Donnacona Paper and Abitibi Power and Paper. Other operators with bonded debt have had great difficulty in meeting their obligations. Still others, without funded debt, passed dividends.

Many steps were taken within and without the industry to bring about a re-establishment of stable conditions. Such moves, at the best, were only partly successful, as the force of excessive production capacity dominated the situation throughout.

In the early part of 1934 the industry experienced its first "break." Sales started to move forward. Production for the full year was the best since 1930. The improvement became more pronounced in 1935, when Canadian mill production was back on a level with the all-time record of 1929. This year output will be the largest ever reported.

CANADIAN NEWSPRINT PRODUCTION
(12 mos. to July 31)

Year	Tons
1929	2,575,000
1930	2,675,000
1931	2,318,000
1932	2,008,000
1933	1,838,000
1934	2,397,000
1935	2,649,000
1936	3,001,000

This record is encouraging, for it indicates that the ratio of operations has been stepped up from the low point of less than 50% in 1933 to better than 80%.

But too much stress should not be laid on these returns. When the industry was at its wits' end to secure additional tonnage, many mills went into markets outside Canada and the United States. They contracted to supply tonnage at a price which, in many instances, did not cover the cost of manufacture and shipping. With the return of better conditions the demand from these overseas markets has expanded rapidly and is responsible largely for the impressive production figures recorded of late.

Overseas Newsprint Exports

Year	Tons
1929	331,000
1930	322,000
1931	299,000
1932	264,000
1933	268,000
1934	371,000
1935	454,000
1936	565,000

The United States market, by far the most profitable for Canadian operators, has grown but not in the same ratio as overseas. The average net price received on U. S. shipments is higher than elsewhere. For that reason Canadian manufacturers prefer American rather than export tonnage. However, the gain in sales to the U. S. in the past 5 years has been encouraging.

* * *

But Dollars Count

BUT dollar revenue and not the number of tons produced is the real measure of recovery. Present earnings barely permit of profitable operations, due to the continued low price in both domestic and export markets. Further, the current rate of production is misleading as it gives the impression that consumption is at a new high level. This may be true of certain export markets, but it is not the case so far as the important American market is concerned. There, consumption is still under the 1929 and 1930 figures. Sales of another 400,000 tons would be needed to bring American consumption up to the previous peak level, as indicated by the following tabular matter:

APPARENT NORTH AMERICAN CONSUMPTION
(12 mos. to June 30)

Year	Tons
1929	3,840,000
1930	4,030,000
1931	3,587,000
1932	3,227,000
1933	2,702,000
1934	3,241,000
1935	3,364,000
1935	3,645,000

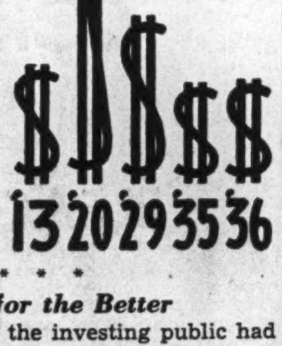
One of the principal problems confronting the industry since 1928 has been lack of tonnage and its uneven distribution among the mills. During the past 2 years the increase in consumption has made available sufficient business to bring the opening ratio up to a satisfactory level. The problem still exists, however, in that those companies forced to take unremunerative export business want a larger share of the American trade. They are not pressing their demands, realizing the situation is rapidly adjusting itself by the natural means of rising consumption.

A fair selling price is the other major concern. For years the Canadian industry was accustomed to demand and receive a very profitable price for its newsprint. Even during the expansion period when the price structure was weakening, manufacturers controlled the market. After 1930 the buyer came into his own. Producer was played against producer and for the past 5 years, the publisher has secured his supply of newsprint at a price which did not allow the manufacturer a reasonable return on his invested capital.

When sales of newsprint started upward in the early part of 1934, hope was held out that they would be accompanied by a price increase. A higher rate might have been enforced for 1935, had not St. Lawrence Paper Mills, badly in need of tonnage, entered into a contract to supply paper at the then existing price for the coming 12 months. This automatically set the standard for the industry. It was a disappointment to other producers. However, conditions continued favorable last year and the stage was set for an upward revision of the price schedule. This time the manufacturers hoped to increase the delivered price in the New York and Chicago zones from $40 to $42.50 a ton. Once again they were disappointed, as Great Northern Paper, an American producer, set the price by announcing an increase of only $1 a ton. It is of interest here to insert the trend of newsprint prices over the last 24 years. Few appreciate the fact that since 1932, the producers have been selling newsprint at a price lower than that which prevailed in 1913 and 1914:

AVERAGE CONTRACT PRICE PER TON
(F.O.B. Three Rivers)

Year	Price
1913	$40.00
1914	40.00
1915	38.00
1916	48.00
1917	60.00
1918	60,00
1919	74.00
1920	105.00
1921	103.75
1922	70.00
1923	75.00
1924	74.00
1925	$70.00
1926	65.00
1927	65.00
1928	60.70
1929	55.20
1930	55.20
1931	50.20
1932	41.13
1933	34.05
1934	33.20
1935	33.20
1936	34.20



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Turn for the Better

BY LAST year the investing public had come to a realization that the newsprint situation had taken a turn for the better. Production figures were watched with a new interest. While Great Northern's action was regarded as a breach of faith with the rest of the industry, still there was reason for cheer in the fact that the $1 advance was the first price increase in 12 years.

The higher price on 1936 deliveries has not retarded sales. Production has kept mounting and today is higher than ever before. As a result the Canadian industry took a more determined stand on price policy. The first situation to be cleaned up was the export market where newsprint had been selling, in some instances, at less than cost. Last June a sharp increase in price was put in force. The advance ranged from $5 to $10 a ton and affected approximately 150,000 tons. While still too early to say how much of this tonnage will be lost to Canadian producers, it is confidently expected that the gain in dollar revenue will more than offset the loss in tonnage.

The next major price move attempted had to do with the American market. Plans again miscarried when Great Northern upset calculations by announcing an advance on 1937 deliveries of only $1.50 a ton, making the delivered price $42.50.

While the lack of co-operation among manufacturers on the American price may be looked upon as a weakness, indications are that a more remunerative price for newsprint is only a matter of time and not very far distant at that.

Any consideration of the near term outlook for the industry naturally devolves to a study of the trend of consumption. Productive facilities are limited and if sales keep increasing, the price situation will adjust itself automatically. Moreover, manufacturers have taken advantage of the past 7 lean years to effect much needed economies. They are in a position to produce paper at a lower cost than ever before and so take full advantage of any improvement.

* * *

Future Brightens

DEMAND for newsprint should continue to increase. Per capita consumption in countries outside of North America has advanced remarkably, though still under that reported for the United States and Canada. As for the domestic field, sales declined sharply after 1929. The comeback has been marked, but, there is still a lag of some 400,000 tons in present requirements compared with those reported before the collapse.

A continued increase in American requirements would enable those mills with an unduly high proportion of low-priced export tonnage to switch over to the more profitable U. S. business. This would relieve, if not eliminate, pressure from such companies to dictate policies to those companies more fortunately located in respect to tonnage.

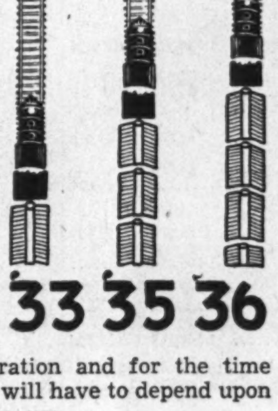
Spot Market is Possibility

To date Canadian mills have had no difficulty in meeting the improved demand. Mill operations are over 80% of effective capacity and only a nominal increase in consumption would be needed to create a scarcity, if not an actual shortage, in the supply of newsprint.

The accompanying table and chart show the sharp trend of increased Canadian newsprint exports to United States:

EXPORTS TO UNITED STATES
(12 mos. to June 30)

Year	Tons
1932	1,652,000
1933	1,381,000
1934	1,799,000
1935	1,975,000
1936	2,209,000



It is predicted that by the end of this year there will be a spot market for newsprint pappaper. This view is by no means far-fetched. The present price is not sufficiently attractive to bring idle production machinery into operation and for the time being the market will have to depend upon equipment now in use.

One good index of a possible spot market in the United States before many months have passed, is the trend of advertising linage. As is well known the volume of advertising dictates the size of a newspaper. Advertising linage figures at this time, therefore, are of importance. The manner in which advertising has fallen off and recovered in 52 leading cities is shown in the accompanying table.

U. S. Advertising
(12 mos. to June 30)
000's omitted

Year	Lines
1929	1,862,000
1930	1,814,000
1931	1,550,000
1932	1,323,000
1933	1,049,000
1934	1,150,000
1935	1,203,000
1936	1,298,000

A spot market by the end of this year would be very helpful. While contracts in force would have to be observed, the manufacturers could look forward with a fair degree of certainty to another increase in contract prices for 1938 deliveries.

* * *

Consumer Considerations

IF PRESENT conditions continue it will not be long before manufacturers will be in a position to adopt a stronger attitude toward the consumer. This makes necessary the determination of a long-term price policy. While differences of opinion exist on what is a fair price, competent authorities believe that with production at effective capacity, a return of $48 to $50 a ton would permit the manufacturer to make reasonable provision for depreciation and depletion, together with a fair return on the capital invested. Beyond this figure, development of other timber resources would encourage a repetition of the difficulties which the industry has just gone through. It is conceivable that newsprint will sell at $48 a ton in the course of the next 2 or 3 years.

If the industry adopts a policy of controlled and moderate advances in the price of newsprint, especially in the all-important American market, there would seem every reason for friendly relations between consumer and producer. The former has felt that in the past the manufacturer took advantage of a situation to enforce a price designed to assure profits on an extravagantly run and over-capitalized industry. When the shoe was on the other foot, the publisher forced down the price to a point where the more fair-minded admitted that newsprint could not be produced profitably.

The attitude of both has been childish and, unfortunately, now that the seller is getting the upper hand, there is apparent a desire among some Canadian manufacturers to declare for a policy of making the consumer "pay through the nose." Nothing could be more suicidal. The producer is entitled to charge for his produce a price which will return a fair profit. If he goes beyond that point he is not only creating ill-will with his customer but encouraging competition.

Canada is a natural source of newsprint supplies for the United States. The majority of American publishers recognize this and favor a policy of amicable relations with the Canadian producers. Then, too, they are willing to pay a reasonable price for their newsprint though it is only human that some of the large buyers will continue to fight for low prices.

It is to be hoped that sane counsel will prevail and price policies adopted by the manufacturers will be based on slowly restoring the price to profitable levels, keeping in mind the problems of the publishers. Only in this way may the Canadian industry hold its dominant position in the American market.

* * *

Securities Move Up

THE improvement in production and the two nominal advances in the price of newsprint have had the effect of raising the hopes of newsprint security holders. The better outlook also has restored speculative interest. Senior securities already have scored an impressive gain in value.

Newsprint Bonds Values

	Year ago	Curr.
Abitibi 5's	31½	53
Consol. 5½'s	17½	49
Donnacona 5½'s	38	72*
Great Lakes 6's	43	56
Lake St. John 6½'s	69	111½
Minn. & Ont. 6's	17	38

*2 shares of stock worth $12 given for each $100 bond in 1936 plan.

Though there is no immediate likelihood of a resumption of interest payments by some of the companies, still the improvement in operations and earnings seems to have justified the increased values.

Even junior securities have attracted attention. Their prospects are far from being clear-cut, still the very low values which prevail offer possibilities of capital appreciation with a continuation of better sales and higher selling prices.

Newsprint Stocks Values

	Year Ago	Curr.
Abitibi pfd.	$4.50	$11.00
Common	0.80	1.75
Consolidated	$1.05	4.50
Price Bros. pfd.	18.00	49.00
Common	1.75	5.75
St. Law. "A"	6.50	12.00
St. Law. P. pfd	13.00	34.50

It may be said that the improvement reported by the industry to date and the immediate prospects have been discounted by the stock and bond markets. It is equally well to remember that the industry has tremendous recuperative powers and while little or nothing is being earned on junior equities at this time, the change to profitable operations could come about quickly. This speculative factor is generally recognized, hence the active interest in the second-line newsprint securities.

* * *

Central Control

BEFORE going on to examine the investment outlook, a survey of the corporate situation is desirable. Donnacona Paper, Great Lakes and Canada Power and Paper have been reorganized. Price Bros. & Co., Abitibi Power and Paper Co., and Minnesota and Ontario continue to operate in the hands of receivers. The scaling down of capital by some of the other companies is a possibility.

From a corporate point of view, the industry is not over strong. Major changes are scheduled, including the possibility of a further centralization of manufacturing and selling activities.

One group prominently associated directly and indirectly with newsprint manufacture holds to the opinion that there should be greater control. It is pointed out that the wide geographic operations of some of the major companies and the criss-crossing of shipments, the duplication of woods operations, and lack of a unified sales policy, make for ineffi-

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Abitibi Power & Paper

Sales and Earnings Increase — Cannot Reorganize on Basis of Present Returns Without Drastic Writing Down of Securities

Abitibi Power & Paper Co. is continuing the improvement shown in 1934 and 1935. It is not yet earning sufficient to pay bond interest and depreciation but the matter of reorganization is receiving close attention.

The mills operating in 1936 on full or part time have been at Iroquois Falls, Sault Ste. Marie, Thunder Bay and Pine Falls. It is expected that it will start the Quebec plant at Ste. Anne as well.

The company has operated under receivership since September 10, 1932.

Higher Prices Predicted

Earnings have been improving. They were a little over $1 million in the 15½ months ended December 31, 1933, and at $953,928 in 1934, the yearly total was higher proportionately. They went up to $1.2 million in 1935 available for depreciation and bond interest.

Depreciation charge on Abitibi Power & Paper in 1931, the last full year before receivership, was $1.3 million. If there is a drastic revaluation of assets in connection with the reorganization plan the depreciation in future would be much less yearly. Even cutting the 1931 allowance in half, the remainder of 1935 earnings available for the present issue of $48.3 millions of 5% first mortgage bonds would be so low as to make drastic cutdown of the bonds or of the rate necessary. If they are changed into income bonds or stock, the only hopes to make the new securities permanently valuable are increased tonnage of sales and a somewhat higher rate per ton than the $40—$41 now being obtained. Such higher rates do appear to be in prospect with $42.50 a ton announced for 1937 by Great Northern Paper Co. and with some large buyers stating that the industry should be able eventually to command $50 a ton.

Reorganization

An early reorganization would mean a very drastic cut-down of the bonds, a sharper cut in the $1 million of 7% preferred, the $34.9 millions of 6% preferred and of the 1 million odd of no par value common shares. The outstanding arrears would disappear if the bonds were exchanged for a preferred stock, sinking fund payments would be no longer necessary and the depreciation might be at about half the old figures. Even so $5.2 millions would be needed to pay the reduced depreciation and the equivalent in dividends of what is called for by the present capital structure. This makes no provision for common.

The company did earn $8.4 millions in 1929 when newsprint sold at $60 a ton. Large economies have since been made. One calculation is that full operation of the four mills which operated in 1935 would give a minimum of $2 millions net profits after depreciation at present prices. The increase in price in 1937 might show even as high as $3 millions. If prices move up further still and costs do not grow relatively higher there would be added to the minimum profits of $2 millions with every $2 a ton additional on the price an extra $1 million, of profit. The price of $50 would on that computation give probable net earnings of $7 millions in a year when Abitibi reached that old record tonnage.

Reading the Future

These are all considerations which make the pending reorganization of Abitibi Power & Paper Company of interest. Investors know that present revenue is not likely to produce dividends, but they are anxious to share in any future increases.

Timber limits of Abitibi Power & Paper Company are adequate and the policy of the Ontario Minister of Lands and Forests is to provide all that is necessary. Stumpage dues are still high for mills operating at present prices but are not likely to come down.

Those who buy Abitibi securities now are speculating that business will grow. The fact that Abitibi is at present earning only a part of its bond interest would not prove important if this reading of the future proves right. Reorganization plan will come and in the meantime the senior securities are regarded safest to buy for a long hold. The common, of course, would have the largest jump, but investors must face the possibility of this stock being practically eliminated.

Capitalization—	Authorized	Outstanding
Com., n.p.v.	1,500,000 sh.	†1,088,117 sh.
Pref. 7% cum.	$1,000,000	$1,000,000
Pref. 6% cum.	50,000,000	*34,881,800

†Including 1,891 shares deposited for exchange of shares of the Spanish River Pulp & Paper Mills.

†Including 1,891 shares deposited for exchange of shares of subsidiary companies.

Funded Debt—
1st mtge. gold bonds, series A, 5%, due 1953; outstanding $48,267,000.
Interest payment deferred June 1, 1932; default in effect Aug. 1, 1932.

Dividend Record—
7% preferred—Initial dividend paid Jan., 1917; paid regularly to and including Oct., 1931; none since.
6% preferred—Initial dividend paid Apr., 1928; paid regularly to and including Apr., 1931; none since.
Common—None paid since Oct., 1928.

Head Office—Iroquois Falls, Ont.

Officers and Directors—

Officers—G. H. Mead, chm.; Alexander Smith, pres.; W. A. Black, vice-pres.; L. R. Wilson, vice-pres. and man. dir.; W. H. Smith, asst. man. dir.; J. E. Patterson, mgr. of operations; T. Broadhurst, sec.; Howard Young, treas.; L. B. Popham, asst. sec.; D. J. Cormack, asst. treas.

Directors—Alexander Smith, Chicago, Ill.; Sir Thomas Tait, A. J. Brown, W. A. Black, Montreal; G. R. Mead, Dayton, Ohio; T. H. Watson, L. R. Wilson, W. H. Smith, S. F. Duncan, Toronto; W. H. Carter, Winnipeg.

Bondholders' Committee—J. P. Ripley, chm., New York; Milton C. Cross, Stanton Griffis, New York; W. H. Somerville, Waterloo, Ont.; E. E. Reid, London, Ont.; A. Fleming and W. A. Arbuckle, Montreal.

RESULTS FROM OPERATIONS
Years Ended December 31

	1935 $	1934 $
Income:		
Sale of newsprint and pulp	10,906,200	9,371,840
Sale of power	325,971	329,940
Less: Oper. costs incl. admin., sup. & gen. expenses	9,357,033	7,745,331
Due on U. S. funds	......	96,973
Add: U. S. exch. rec'd.	38,452	......
Int. & disc. earn.	39,819	124,903
Sundry oper. prof.	25,403	12,179
Prev. res. for doubt. accts. restored	100,000	......
Prov. Paper div.	100,000	......
	2,178,821	1,906,553
Less: Int. on rec's. certs. & overdraft	221,190	152,113
Cost of issue of reports	3,092	4,198
Int. on contr. for purch. of Thunder B. shs.	163,675	163,675
Costs of carrying idle mills & timber limit concessions:		
Idle mill costs	196,972	337,686
Taxes, mill & townsites	74,238	84,804
Timber concess.	67,725	79,856
Int. chgs., etc.	......	45,298
Legal, audit & accr. expenses	48,000	42,000
Rec's. remun. & expenses	48,000	48,000
Prov. for bad debts	......	10,000
Amt. w/o pulpwood acquir. prior to receivership	50,000	75,000
Amort. of G. H. Mead Co. shs. pur.	100,000	......
Exps. re b'holders' meeting	743	......
Bal. avail. for depr. & bond int.	1,205,186	952,928

Market Record—

	*1936		1935		1934	
	H	L	H	L	H	L
Com.	2½	1¼	2	*55	2½	¾
Pfd. 6%	13⅞	6½	9½	3	10½	3
Cert's.	14	6¾	7	3	7¾	2

*To September 16.

Provincial Paper

Provincial Paper, Ltd. had an improving position in 1933, 1934, 1935 and the first part of 1936. Later results in 1936 were a little obscured by the reduction of custom duties on fine paper imported from the United States. It is understood, however, that results in 1936 will be about the same as in 1935 with volume up but prices a little lower.

The company earned its bond interest 2.7 times in 1935, paid a 7% dividend on preferred and $1 a share on common. This was the first common dividend during the depression. It went to Abitibi Power & Paper Co. which owns all the common shares.

(Controlled by Abitibi Power & Paper Co.)

Capitalization—	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	100,000 shs.
Preferred 7% .. Par $100.	$3,500,000	$3,500,000

*Entire issue held by Abitibi Power & Paper Co.

Funded Debt—
1st mtge. bonds, series A, 5½%, due 1947, outstanding †$3,849,500.

†In addition, $25,500 have been purchased by the company and are held in the treasury.

Dividend Record—
Preferred—7% per annum, payable quarterly, Jan., Apr., July and Oct. 1. Initial payment July 1, 1927, and quarterly since.
Common—$1.25 paid in 1930; $1 paid in 1932 and $1 paid in 1935.

Head Office—Toronto.

Officers and Directors—

Officers—S. F. Duncan, pres.; T. A. Weldon, vice-pres.; W. S. Barber, sec.-treas.

Directors—S. F. Duncan, T. A. Weldon, G. T. Clarkson, L. R. Wilson, A. F. White, E. R. Wood, W. H. Smith, T. Broadhurst, all of Toronto.

Times Interest Earned—

	1935	1934	1933
Before deprec.	3.37	3.26	2.52
After deprec.	2.99	2.79	2.08

Earnings per Share and Div. Record—

	1935	1934	1933
Pref.: Earned	$10.77	$10.22	$7.15
Paid	7.00	7.00	7.00
Common: Earned	1.32	1.13	0.05
Paid	1.00	nil	nil

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	1,136,088	245,000	526,243
1930	995,747	370,000	672,431
1931	782,784	245,000	752,570
1932	614,678	345,000	682,934
1933	580,864	245,000	688,097
1934	694,614	245,000	814,876
1935	713,617	345,000	846,766

ESTABLISHED 1890

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Three Rivers
CANADA

Anglo-Canadian

No Let Down in Production — Higher Price Should Help Earnings

Anglo-Canadian Pulp and Paper Mills, whose operations are carried on just outside of Quebec City, continues to operate its plant at capacity. The greater part of output is marketed in the United States, while a substantial proportion is shipped to the English market.

The importance of Anglo-Canadian's operations in the industrial life of the province is evidenced by figures released by the management on operating costs. For instance power consumption runs into $1 million a year; approximately $2 millions is expended on pay rolls, as work is provided for some 2,500 woodsmen during the logging season and about 500 mill hands, while more than 100 are engaged on the administrative side.

No particulars are available as to the company's earnings, but it is presumed that in view of the low price for newsprint, returns have not been particularly satisfactory in the last few years. Control of the property is held by Lord Rothermere and associated interests.

Capitalization—	Authorized	Outstanding
Common, N.p.v.	135,000 shs.	135,000 shs.
1st Preferred .. Par $100.	$8,000,000	$8,000,000

Funded Debt—
5% debentures, outstanding, £3,230,000. Issued for £3,180,000 cash to Daily Mirror Newspapers Ltd., of London, England, from the proceeds of which the £2,967,050 6½% debentures, due July 1, 1933, were redeemed at £107 for each £100 of debentures.

Dividend Record—
1st Preferred—Entitled to 7% cumulative. Initial dividend for 6 months ended Apr. 30, 1930, paid Oct. 1, 1930; none since.
Common—None paid.

Head Office—Quebec, P.Q.

Officers and Directors—

Officers — Viscount Rothermere, pres.; F. W. Clarke, vice-pres.; G. H. Bridges, sec.-treas.

Directors—Viscount Rothermere, London, Eng.; F. W. Clarke, R. A. McInnis, Quebec, P.Q.; Sir Herbert S. Holt, Montreal; Sir Charles Fitzpatrick, Quebec, P.Q.; Hon. Smeaton White, Montreal; John Cowley, London, Eng.; F. J. Humphrey, New York; R. C. McMichael, Montreal; E. A. Sursham, Hon. Esmond Harmsworth, London, Eng.; W. J. Clarke, Quebec, P.Q.; F. G. Bush, W. P. Creagh, Montreal.

Brown Co.

Bondholders' Committee Urges Reorganization — Income on Better Scale

Protective committees have been formed, but so far no plan of reorganization has been brought forward for the bankrupt Brown Co., of New Hampshire and Quebec. There is a wide Canadian interest in the affairs of this company. Through a Canadian subsidiary it operates a large pulp mill at La Tuque, P.Q., and in addition, a substantial proportion of the company's first mortgage bonds is held by Canadians.

A series of operating losses and deflation of liquid resources resulted in the company being unable to meet its funded debt obligations. In many ways Brown Co.'s position is similar to the bankrupt Price Bros. & Co., in that it has rich resources which, for the time being, are not very productive. The properties of the company, for example, are carried on the books around $75 millions, of which approximately $65 represent investment in mill properties and timberlands.

In 1933 there was an operating loss of $276,183. In 1934 there was a profit of $311,735, which in 1935 increased to $454,602. Bond and other interest requirements normally run around $1.4 million.

Need of Reorganization

During the past 9 months neither the company nor the bankers have made a move to formulate a reorganization plan, and the bondholders' committee has circulated depositors saying that all that is needed to put the company in a sound position is to carry out an energetic sales policy for pulp and allied lines.

It is officially estimated that 1936 manufacturing profits will amount to over $1.5 million. If this estimate is realized, the committee says the company will be in a position to pay bondholders a fixed 4% coupon upon 60% of new bonds, with additional interest if earned upon 40% of new income debentures.

Broad Plan Suggested

In order to carry out a reorganization, the bondholders' committee points out that certain arrangements would have to be made. These provide for the raising of 3.5 millions of new capital in order to liquidate the secured loans of Commercial Credit Corp. and Federal Reserve Bank and to a payment in cash of 20% of the claims of general creditors; extension of the city of Berlin and the state of New Hampshire pulpwood loans; extension of the company's note to the Anglo-Newfoundland Development Co. or exercising the option to purchase the mortgaged property for $1.7 million; payment of general creditor claims to the extent of 20% in cash and 80% in scrip; issuance of securities to the bondholders on the terms outlined above; and effecting an arrangement with the present preferred and common shareholders to issue them in reorganization 300,000 shares of new common stock of a par value of $25 each in lieu of their present holdings.

This proposal was advanced by the bondholders' committee last July, but to date no further action has been taken.

Capitalization—	Authorized	Outstanding
Pref. 6% cum. .. Par $100.	$10,000,000	$10,000,000
Common .... No par value.	400,000	†400,000

†All owned by officials of the company.

Funded Debt—
1st mtge. 5% bonds due: A, 1946; B, 1950; outstanding $21,425,500. Long term obligations outstanding $341,145.

Dividend Record—
Preferred—Paid to Feb. 1, 1931.

Brown Corporation
(Wholly owned by Brown Company)

Capitalization—	Authorized	Outstanding
Common	$14,000,000	$14,000,000

Entire stock owned by Brown Co.

Officers and Directors—

Officers—H. J. Brown, pres., Portland, Me.; O. B. Brown, vice-pres. and sec-treas.; W. R. Brown, gen. mgr.

Directors—H. J. Brown, O. B. Brown, W. R. Brown, D. P. Brown.

Big Market for Chemicals

Over $7 millions of chemicals are used in the pulp and paper industry each year. Sulphur is the most important item, accounting for about $3 millions. Liquid chlorine is next, followed by lime, salt cake, limestone and caustic soda.

Great Lakes Paper Co.

Completion of Reorganization Gives Bondholders All New Bonds, 90% of "A" Preferred and 80% of Common — Outlook Improved

Great Lakes Paper Co. reorganization was completed this year with issue of new securities, for each $1,000 of old 6% bonds, as follows: $600 of 5% first mortgage bonds due 1955, 9 class A preferred shares and 8 common shares. This gives bondholders all of the new first mortgage, 90% of the A preferred and 80% of the common shares.

The essence of the reorganization is a deal with 24 U. S. publishers who agree to take virtually all the newsprint the company can produce for the next 5 years at market prices. In exchange for these contracts, the publishers were given all the new class B preferred shares which go out of existence when the contracts expire. No dividends can be paid on any of the shares, however, until newsprint reaches at least $45.30 a ton.

First Interest Paid

Interest due April 1, 1936, on the new bonds was paid when the securities were actually issued in August. Due largely to expenses of reorganization, the company found it necessary to borrow funds to make the payment.

Earnings have not been made public since the company was taken out of receivership. And the receiver's net income is not a reliable guide to present earnings possibilities because the mill, which is at Fort William, has been placed at virtual capacity operation, at an increase in price.

It is believed that the company's costs, including depreciation and depletion, should not exceed about $30 a ton. From this year's price of $41 a ton at destination, it is necessary to deduct about $6 a ton to make ample allowance for delivery charges. This would give a profit of $5 a ton, or $450,000 on annual production of 90,000 tons. This compares with interest charges on the new bonds of $300,000 annually. Various non-recurring charges may eat into earnings this year, however.

Outlook Better

Due to restrictions concerning the price of newsprint, and the possibility that the company will require an increase in its working capital, there is no immediate prospect of dividends on stock. However, the price of $42.50 for newsprint for 1937 should enable the company to do better than in 1936.

An important feature of the reorganization of the company was appointment of a new directorate headed by C. H. Carlisle, president of The Dominion Bank. Management under the new board is expected to be efficient and the company now has no worries over tonnage for several years.

Capitalization—(After reorganization)—

	Authorized	To be Outstanding
Cl. A pref., cum.	100,000 shs.	100,000 shs.
Cl. B pref., cum.	100,000 shs.	100,000 shs.
Common ...... No par value.	100,000 shs.	100,000 shs.

Funded Debt—
1st mtge. S. F. bonds, 5%, due 1955, $6,000,000.

Officers and Directors—

Officers—C. H. Carlisle, pres.; E. G. Long, vice-pres.; R. G. Meech, sec.-treas.

Directors—C. H. Carlisle, E. G. Long, A. D. Cobban, R. G. Meech, Toronto; L. E. Aldrich, John W. McCurdy, Chicago; Harry Murphy, Fort William; Ray Lawson, London, Ont.

Don Valley Paper

Physical Volume of Output Grows — Expands Plant and Equipment

Sales of Don Valley Paper Co., Toronto, in the year ending September 30, 1936, exceeded those in 1935 by ten per cent in physical volume. Owing to a decline in price, however, the actual dollar value of sales was the same. In the preceding year there had been a gain of 15% in physical volume and about 10% in dollar volume.

The company has made good progress in manufacturing and sales for the last 8 years. Its lines include cover paper, tags, colored specialties and blotting paper.

The improving situation led the company more than a year ago to resume the payment of dividends on a 7% basis on the 697 shares of 7% preferred stock at $100 par value. When the year ended on September 30, 1935, a declaration of 1¾% on arrears was made as well. This reduced arrears from 28% to 26¼%. No arrears in dividends were paid during the year which ends September 30, 1936, as the company spent $50,000 on its plants. The company put up two new buildings, rebuilt the paper machine, put in two new embossing machines and new testing equipment.

For the same reason the directors decided not to make any further reduction on the mortgage of $30,000 during the year. The regular preferred dividend has been continued, however.

Capitalization—	Authorized	Outstanding
Preferred, 7% .. Par $100.	1,500 shs.	679 shs.
Com., n.p.v.	5,000 shs.	2,967 shs.

Officers and Directors—
N. E. Wainwright, pres.; R. H. Joyce, vice-pres.; J. F. MacKenzie, supt. and director; R. J. Finley, A. B. Mortimer.

George Christie (Canada) Limited

Ruby Metal Wires with the "Clover Twill" enjoy the confidence of Paper Makers throughout the World.

Christie's special "RUBY METAL" Wires are supplied in all meshes with special seams and edges to suit requirements.

Recent results entitle us to claim that for Dependability, Economy and Uniform Good Service our Wires are unsurpassed. Specify CHRISTIE'S "RUBY METAL" WIRES.

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Greatest Newsprint Producer

Since 1926 Canada has produced more newsprint paper than any other country in the world. This year the Dominion will manufacture over million tons.

Canadian International Paper Company

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NEWSPRINT PAPER

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"PAPER IS THE BASE OF THE JOB"

Best Bets in Newsprint Securities Based on Individual Company Records

Price and Location All Important in Judging Sharply Fluctuating Costs

By E. J. LANG

Speculative and investment interest in newsprint securities has sharply revived. But picking a winner in this field is not so easy.

Rapid development over the past 12 months has been accompanied by considerable confusion in the minds of investors as to which company offers the greatest opportunities either for capital appreciation or safety of principal and income. Attempts have been made to arrive at a common denominator. Some are helpful, but, in the main, the position of each company has to be considered on its own merits, having in mind the broad general picture of the industry itself. There is no reliable yardstick by which all companies can be judged.

For an industry of its size, newsprint has a very limited investment interest. There are less than a dozen companies in which the investor can acquire a financial stake either through purchase of bonds or stocks. When one comes to analyze these companies, the multiplicity of factors leaves the investor so perplexed that, in the majority of cases, he is unable to make a proper selection of the securities offering.

Costs Hard to Compile

There is one yardstick which would be of inestimable value in appraising newsprint securities if it were possible to make it foolproof. Such a measure is the operating costs per ton of newsprint. Were this available it would be a relatively simple matter to say that on such and such output, the XYZ. Co. would earn so many dollars. Time and money have been spent liberally in attempting to secure accurate costs for each plant in the Dominion.

It is possible to determine within a few cents the theoretical minimum at which newsprint can be made and at a profit. In practice so many factors have to be taken into consideration that, at best, the figures are only estimates until proven under actual operating conditions. Prices of materials change; labor costs move up or down; transportation charges vary depending upon the manner in which shipments are made; interruptions occur in plant operations; administration and selling charges cannot be maintained on a fixed basis. These and scores of other factors constantly come into play so that it is a matter of extreme difficulty to set cost figures for a mill.

Many Worth-while Economies

Yet it is well known that production costs have been reduced because of necessity. The inadequate prices which the industry has been receiving over the past 4 or 5 years have compelled reductions in operating costs. Less efficient mills have been forced to reduce labor and other flexible charges until they can produce paper almost as cheaply as lower cost units, so that the small transportation and natural advantages possessed by the older mills have taken on a great importance as profit margins have narrowed.

Generally speaking operating costs as between mills do not vary as much as many believe. Actually there is very little difference in conversion costs. The advantage in being able to produce more profitably often lies in having lower shipping charges, cheap motive and steam power, or low wood costs. Then again the ratio of operations has a strong bearing on operating costs. Obviously a mill operating at 50% of capacity is not going to be able to show as low a cost sheet as one working at 80% to 100% of capacity.

Fair Price is Basic

The basic factors which the investor should keep before him are what is a fair price for newsprint and what can a company earn under actual operating conditions.

A fair price for newsprint still is a moot question. Opinions differ, but the belief is crystallizing that a price of $47 to $48 a ton would return a fair profit on capital after making provision for depreciation and depletion. To strike an average for the industry it might be necessary to go as high as $50 a ton, but the latter figure is considered in the danger zone as it might attract capital to build new mills.

Last October, John Stadler, who has been connected with the establishment of a number of newsprint mills in this country and recognized as an authority, prepared an estimate of the capital required for the theoretically ideal mill and at what price paper should be sold in order to allow a fair return on the investment.

The Ideal Mill

On the assumption that there is built a mill of 300 tons daily capacity, which Mr. Stadler says is the smallest unit that can be considered, the capital required would be $6.8 millions for the mill site and mill complete. To be reasonably free from banking problems, a further $1.2 million would be required for operating capital. For woodlands and improvements to these, an additional $700,000 is needed, so that even under present favorable conditions for construction, at the most favorable location still available, a minimum of $8.7 million is required to start a new mill. These capital requirements total $29,000 per ton daily competitive capacity.

In figuring the capital return, Mr. Stalder points out in estimating depreciation several mills make the serious error of calculating depreciation on the basis of production instead of a given percentage on the value of the property to be depreciated.

There is another factor that is quite often overlooked in manufacturing processes, he says, and which is very important in the paper industry; that is obsolescence. Under the system now in use in many companies, a mill not operating does not depreciate, whereas in actuality it is not only depreciating, but is becoming obsolete at the same time.

Minimum Fair Price

On the basis of 5% for depreciation and obsolescence and 6% on the capital invested, Mr. Stadler arrives at a cost of $43.50 a ton of paper delivered in the United States in the zone favorably located to a new mill built in the province of Quebec.

It is important to bear in mind that $43.50 is the minimum price for which newsprint can be manufactured with highly efficient and modern equipment in Quebec and delivered to the most advantageously located market under present conditions and still allow a return of 6% on the capital invested.

Contrast this with the official price at present of $41 and the 1937 rate of $42.50 a ton for all mills in Canada delivering in the New York and Chicago zones.

Reason for Optimism

The sharp revival of interest in newsprint securities is due to the fact that operations have been steadily increasing and the price is slowly, but steadily, climbing back to a point where capital can be properly compensated for its risks and employment.

Naturally it is not possible to say with any degree of certainty when this objective will be reached, but the recuperative powers of the industry are such that the comeback may be much faster than many anticipated.

Question of Earnings

In view of the difficulties in devising a yardstick of costs to compare the relative investment or speculative merit of the different newsprint companies and their securities, the next best step is to consider what they can earn on under present operating conditions.

The accompanying table is enlightening if the gross return per ton of newsprint is considered in conjunction with the estimated percentage of operations to capacity. Obviously those companies at or near capacity cannot be expected to record any appreciable betterment in operating costs. An improvement in earnings must come about largely from further advances in the price of newsprint. Inversely those companies with limited operations may be expected to increase the return per ton as the volume of business increases and even more so when price advances.

Summary of Deductions

The position of those companies in which there is a public investment interest has been dealt with in detail in a series of articles appearing in The Financial Post over the past 10 weeks. A brief summary of principal deductions made from the accompanying table follows:

How They Compare

	Rated Capacity	Estimated 1935 Output	Estimated % of Capacity	Gross Income	Gross approx. per Ton or Output
Abitibi	690,000	310,000	45	2,078,821‡	$6.70
Brompton	73,000	36,000	49	203,207*	5.65
Can. Inter. Paper	740,000	672,700	90	5,316,903	7.90
Consolidated Paper	600,000	350,000	58	3,138,438•†	8.95
Donnacona	74,000	36,000	49½	207,076	5.75
Great Lakes	98,000	60,000	61	164,514*	2.75
Lake St. John	88,000	71,000	83	537,538	7.60
Mersey	97,000	97,000	100	746,624	7.70
Minnesota & Ontario	165,000	124,000	75	158,867	1.28
Price Bros.	310.000	215,000	68	735,035†	3.42
St. Lawrence Paper	142,000	109,000	76	30,964▲	0.28

* Year ended June 30, 1935.

† Year ended March 31, 1936.

‡ Not including restoration of $100,000 reserve from previous year.

▲ Deficit.

• See comment under company heading.

Abitibi Paper

Though this company produced only 310,000 tons last year, gross income per ton compares very favorably with that reported by other operators. Indicated surplus capacity of 380,000 tons is apt to be misleading as it is doubtful if some of the older mills will ever again be operated. Obviously there is a marked capacity to increase earnings under more favorable tonnage and price conditions.

Brompton

This company shows an indicated operating ratio of about 50% and earnings of $5.65 a ton. The latter figure is misleading, as income from newsprint operations in 1935 was very small, most of the profit coming from associated enterprises. The company operates only one of its 2 newsprint mills, each of which is about equal in capacity. There is reason for believing that by 1937 there will be a definite change for the better as far as newsprint profits are concerned.

Canadian International

C. I. P. has little to gain from an increase in tonnage, as its mills are operating at about their effective capacity. Minor savings are possible for an increase in business, but any appreciable gain in earnings will have to come from a better selling price.

Consolidated Paper

Better management and substantial operating economies have enabled this company to make a rather remarkable showing judged by last year's financial statement. One of the company's 5 mills is closed, so that the operating ratio is considerably higher for the balance than indicated by the table. However, Consolidated can handle a much greater tonnage which, on the basis of the profit per ton shown in the 1936 fiscal year, would give this company the largest profit of any company in relation to output. The point should not be overlooked, however, that part of the profit last year came from kraft, pulp and lumber operations; it is not possible to tell the percentage from the published statements.

Great Lakes

Earning power of Great Lakes appears to be out of line considered in conjunction with the volume of business handled and that reported by other companies. Figures would indicate high operating costs, but are based on low tonnage whereas the mill is now at capacity. Improvement has taken place since publication of the last income statement, so that judgment should be reserved until the next report is available.

Lake St. John

Operating near effective capacity, earning power of this company appears to be near the ceiling. A higher selling price for newsprint needed in order to move up the gross return per ton.

Mersey Paper

Further operating economies of a substantial nature unlikely; betterment in earnings depends upon a continued advance in price.

Minnesota and Ontario

Indicated gross profit per ton appears out of line with the volume of business handled in 1935, denoting high operating costs. Newsprint activities produce only part of total revenue, however, and reports of the receivership do not indicate the importance of lumber operations in the total.

Price Bros & Co.

Reputed to be one of the lowest cost producers on the continent, yet returns do not bear this belief. Apparent high costs may be ascribed to financial difficulties and also to the fact that the company has on its books an excessive amount of unprofitable export business. Given a larger share of American business, a radical improvement in earnings possible.

St. Lawrence Paper

The figures tell the story: high operating costs. Revision of power contract will help, as also will an increase in tonnage.

Donnacona Paper

Considerable leverage for increased earnings, when tonnage and price improve. Board mill potential money maker.

Powell River

Powell River Co., operating one of the largest newsprint mills on the Pacific Coast at Powell River, B.C., has maintained operations at or near capacity for some time past. Revenue, as is the case with other newsprint producers, has been limited owing to unsatisfactory price of newsprint. However, the advance of $1 a ton at the beginning of the current year and the announced price increase of $2.80 a ton on 1937 deliveries should do much to reestablish earning power.

Despite decline in earnings, Powell River Co. has consistently maintained the policy of keeping its plant and equipment in first-class operating condition. To that end several hundred thousand dollars have been spent on new equipment and renovation of plant. The net result is that operating costs at Powell River Co. compare favorably with those of any other plant on the continent.

Little public information is available regarding the finances and earnings of this company. The property is owned and operated by the Brooks interests in Minneapolis. There is no public investment interest in the property.

Canada Depends On Export Trade

Dependence of the Canadian newsprint industry on the United States and overseas markets is better appreciated by a realization that less than 10% of the total production is sold in the Dominion. Even as far back as 1913 nearly three quarters of the total output was exported. The high point was reached in 1935, when 95% of production was shipped out of the country. The trend is shown in the following table:

Year	Tons Prod.	% Exported
1913	350,000	73
1920	876,000	87
1925	1,522,000	92
1929	2,729,000	93
1932	1,914,000	93
1933	2,017,000	91
1934	2,599,000	93
1935	2,753,000	94
1936	3,000,000*	95*

*Estimated; figures by News Print Service Bureau.

Spruce Falls Power And Paper

Remained Solvent Through Depression, and May Resume Dividends Later

Net sales of newsprint by Spruce Falls Power & Paper Co., have been increasing. But there have been net losses after bond interest and taxes in the last 3 years and at April 30, 1936, the working capital surplus had changed to a deficit.

However, the company improved its general situation during the depression. It is true its cumulative operating deficit was $817,360 on April 30, 1936, as compared with an operating surplus of $291,271 in 1930. But since 1930 the company has reduced its 5½% first mortgage bonds of $15 millions to $9 millions at the rate of $1 million yearly. This process is relieving it of an additional burden of $55,000 interest each year.

No dividends have been paid since October 1, 1932, on the $8.9 millions of 7% first preferred stock or the second preferred stock or the common.

Kimberly Power Corp. holds $2½ millions of the first preferred, all the second preferred and 102,000 common shares. Remaining shares of first preferred and common stock are held by the New York Times. There are now deferred dividends of 24½% against the two preferred classes of stock.

If the paper industry as a whole improves according to expectations of many investors it may become possible for this company to redeem its bonds and issue other bonds in that period at a lower rate. If it issues $11 millions of new bonds at a lower rate the present issue could be redeemed and working capital restored.

For the year ended April 30, 1936, the company's sales of newsprint were 10.6% higher in tonnage and 10.9% more in value. The sales of sulphite pulp were 13.3% higher in tonnage and 4.1% more in value than in the preceding year.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	200,000 shs.	200,000 shs.
1st pref. cum. 7%	$9,500,000	$8,900,000
2nd pref. cum. 7% Par $100.	5,500,000	5,000,100

Kimberly-Clark Corp's holds $2,500,000 first preferred; $5,000,100 second preferred, and 102,000 common shares, the balance being held by the New York Times Company.

Funded Debt—

1st mtge. serial bonds, 5½%, due serially to 1945, outstanding $9,000,000.

Dividend Record—

Dividends paid regularly to Oct. 1, 1932, on both classes of preferred; none paid since. Both stocks in arrears, as at Apr. 30, 1936, to the extent of $24.50 per share.

Head Office—Toronto.

Officers and Directors—

Officers — F. J. Sensenbrenner, pres.; Ernst Mahler, vice-pres.; E. S. Noble, gen. mgr.; G. Barber, treas.; J. S. Sensenbrenner, sec.

Directors — Representing Kimberly-Clark Corp.—F. J. Sensenbrenner, J. C. Kimberly, E. Mahler, Neenah, Wis.; G. Barber, Toronto. Representing the New York Times—G. N. Nelson, A. H. Sulzberger and J. O. Adler, all of New York City.

Times Bond Interest Earned—

Yr. end. Apr. 30:	1936	1935	1934
After depr. & depl.	0.78	0.60	0.38

Seven Years Earnings—

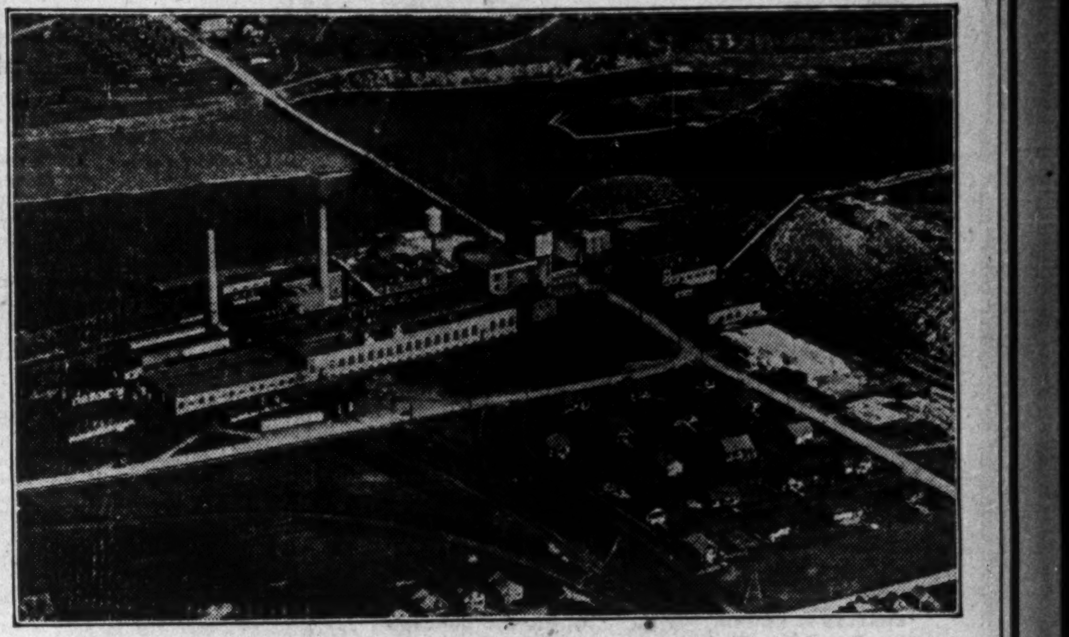
Yr. end. Apr. 30:

Year	Earnings $	Dividends $	Operating Surplus $
1930	2,229,525	973,007	292,271
1931	1,661,021	973,007	72,866
1932	2,049,758	973,007	206,121
1933	763,375	486,504	4,718
1934	241,989	......	†414,305
1935	354,774	......	†669,354
1936	409,165	......	†817,360

†Deficit.

Variety in Paper Products

While many think of Canada as a source of newsprint and fine papers, few realize the vast variety of "specialties" manufactured. Some of the more important items in the latter category include business and visiting cards; envelopes; shelf-lining paper; bottle and other wrappers; wrapping paper; facial and other tissue; paper excelsior; egg-case fillers; paper flour sacks; paper cement bags; and crêpe.



The mill of the Bathurst Power & Paper Company, Limited, at Bathurst, N. B.

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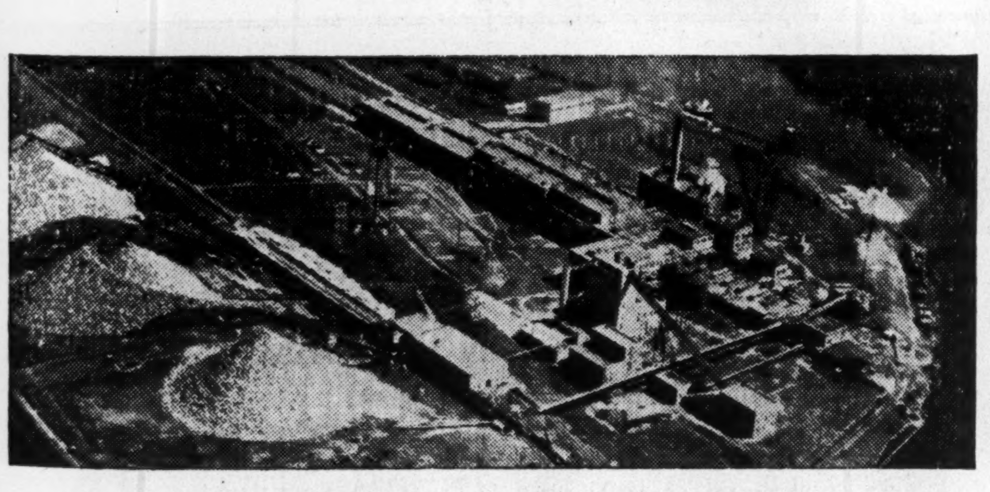

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International Fibre Board

Sales of International Fibre Board Co., Ottawa subsidiary of International Paper Co., have recorded a big improvement over those reported last year. The demand is coincident with the revival of building activity throughout the Dominion, while, at the same time, exports to the Australian and other markets have been the largest in several years.

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Canadian Inter. Paper

Higher Ratio of Operations and Advance in Newsprint Price Will Strengthen Earning Power

Canadian International Paper Co.'s newsprint mills operated at 84% of rated capacity during 1935. Production totalled 672,738 tons of newsprint and 150,969 tons of high-grade pulp, as compared with 659,566 tons of newsprint and 146,027 tons of pulp in 1934. Since the turn of the year operations have been on a somewhat larger scale and with a better price for newsprint, earnings of the company are running ahead of those reported for 1935.

Last year the company reported consolidated gross sales of $38.7 millions, an increase of $2.7 millions over that reported in the previous year. These returns cover not only the sales of Canadian International Paper, but also those of New Brunswick International Paper Co. and International Power and Paper Co. of Newfoundland.

Cover Primary Charges

Net earnings in 1935 were sufficient to cover interest payments on all obligations outstanding in the hands of the public. After providing for depreciation and depletion, amounting to over $2.7 millions and various inter-company charges, there was a net loss of $3.7 millions, as against $3.9 millions in the previous 12 months.

While earnings of the company were not entirely satisfactory during 1935, it should be borne in mind that deliveries of newsprint this year have been made at an advance of $1 a ton, while the price for 1937 has been increased a further $1.50.

Working Capital Higher

Despite limited earnings last year, the consolidated financial position underwent an improvement. Net working capital at $9.7 millions showed an increase of $2.7 millions over that reported at the end of 1934. Funded debt was reduced during 1935 by approximately $1 million to $85.2 millions. Notes payable remained unchanged at $5 millions and the amount due to International Paper Co. increased from $2.5 millions to $6.6 millions. Since the turn of the year the 5½% secured notes from Canadian International Paper to International Paper matured on June 24 last, but were extended to November 1. It is important to note that up to date the secured notes have been regarded as a current liability primarily because they were pledged under the International Paper bank debt. This debt has been paid off as a result of the Southern Kraft Corp. (a subsidiary of I. P.) financing and will appear in the next C. I. P. financial statement as a deferred liability.

Subsidiaries Strengthen

The operating and financial position of C. I. P.'s 2 principal subsidiaries, namely, International of Newfoundland and N. B. International, have undergone an improvement. While there have been no major developments in connection with the New Brunswick property, the Newfoundland unit has effected several changes in its funded debt structure which will result in a material reduction in interest charges. Particulars of the changes are set forth in a separate review of that company.

One of the most important developments in connection with Canadian International Paper, to take place over the past year, was the change in management brought about by the resignation of Archibald R. Graustein. The withdrawal of Graustein, who was responsible for the creation of C. I. P. and its policies, is of major importance. It is still too early to determine what effect the change will have on C. I. P.'s operations, but this is a feature of importance to the company's bondholders.

International Paper & Power

Capitalization—		Authorized	Outstanding
Common A	..	5,000,000 sh.	832,276 sh.
Common B	..	3,000,000 sh.	821,485 sh.
Common C	..	5,000,000 sh.	2,121,949 sh.
N.p.v.			
Pref. 7%	....	$100,000,000	$89,700,700
Pref. 6%	....	2,000,000	370,000
Par $100.			

Funded Debt— The company has no funded debt, but, as at Dec. 31, 1934, bonds, etc. of subsidiary companies outstanding amounted to $69,463,694, not including $5,853,300 held in companies' treasuries, nor funded debt of International Hydro-Electric System and its subsidiaries.

Dividend Record— 7% pref. and 6% pref.—Entitled to 7% or 6% per annum; cumulative, payable Jan., April, July and Oct. 15, in U. S. funds; paid regularly from Jan., 1929, to April, 1931; none since.
Class A common—None at present; $2.40 per share per annum paid regularly from Feb. 15, 1929, to Aug. 15, 1930; none since.

Head Office—89 Broad St., Boston, Mass.

Officers and Directors— R. J. Cullen, pres., New York; William Chamberlain, Chicago; Gordon Auchincloss, H. A. Colgate, D. T. Layman Jr., Ogden Phipps, B. A. Tomkins, A. H. Wiggin, New York; J. St. C. Brookes Jr., Washington; M. G. Chace, Providence, R.I. Vice-presidents—N. C. Head, W. N. Hurlbut, H. R. Weaver. Sec.—C. D. Young. Treas.—H. R. Weaver.

Seven Years Earnings—

Year		Earnings $	Dividends $	Surplus $
1929	......	34,551,982	8,834,511	15,089,332
1930	......	41,275,748	7,703,038	12,976,213
1931	......	40,631,611	1,632,565	11,961,887
1932	......	37,111,048	....	3,204,158
1933	......	41,820,638	....	†2,600,191
1934	......	9,711,517	......	9,354,830
1935	......	10,025,739	......	†12,326,510

† Deficit.

Market Record (New York Stk. Exch.)—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Pref. ..	45	20½	28⅞	4⅛	24⅞	8½
Cl. A .	7⅜	3¾	5	1⅛	6½	2
Cl. B .	4	2¼	3⅛	⅜	3⅛	⅞
Cl. C .	3⅛	1⅝	2⅜	⅜	2¾	⅝

* To September 16.

Canadian International Paper
(Controlled by Canadian International Paper Ltd.)

Capitalization—	Authorized	Outstanding
Com., par $100	$10,000,000	*$10,000,000

Funded Debt—	Outstanding
1st mtge. gold 6%, due 1949	$22,160,500
Ref. mtge. 6%, due 1946 A..	*23,400,000
Do., 5% C, due 1935	*2,000,000
Floating chg. 6%, due 1946..	*1,000,000
Riordon Pulp & Paper: 1st mtge. s. f. 6% debs., due 1942	547,700
N. B. International Paper: 1st mtge. 6%, due 1961 ..	*12,500,000

* All owned by International Paper Co.

Dividend Record— Common—$3 per share paid in 1930; $12 in 1931 and $6 in 1932.

Head Office—Montreal.

Officers and Directors— R. J. Cullen, pres., New York; Brig.-Gen. J. B. White, 1st vice-pres., J. H. Hinman, vice-pres., Montreal; Neil C. Head, vice-pres.; J. H. Phipps, J. F. Rollins, A. H. Wiggin, New York; Hon. Raoul Dandurand, V. M. Drury, J. A. Eccles, Hon. Donat Raymond, Hon. Smeaton White, Montreal; G. C. Edwards, G. G. Gale, Ottawa; T. A. Russell, Toronto; H. P. Robinson, Saint John, N.B., L. P. Gelinas. Vice-presidents—W. N. Hurlbut, J. L. Fearing, F. G. Robinson, C. B. Thorne. Treas.—H. R. Weaver. Sec'y—Roy Campbell. Compt.—H. J. Webb.

Times Fixed Charges Earned:

	1935	1934
Before deprec. & deplet.	0.84	0.78
After deprec. & depl....	0.40	0.37

Continental Paper & Bag
(Controlled by International Paper Co.)

Capitalization—	Authorized	Outstanding
Com., par $100 ..	$3,000,000	$3,000,000

All owned by International Paper Co.

Funded Debt— 5% 1st mortgage and collateral trust bonds, due 1961. To be issued under plan of reorganization effective March 30, 1936, in exchange for previous funded debt, and will be outstanding to the amount of $1,077,500.
Security—1st mortgage on assets of company and secured by 7½% bonds of Marinette & Menominee Paper Co., 1st refunding 6½% bonds of Continental Paper and Bag Co. and a further issue of $2,589,000 Continental Paper & Bag Mills Co. bonds formerly owned by International Paper Co.

Continental Paper Products
(Controlled by Continental Paper & Bag Corp.)

Capitalization—	Authorized	Outstanding
Common*	$1,250,000	$750,000
Pref. cum. partic.*	750,000	725,000
Par $100.		

* All owned by Continental Paper & Bag Corp.

International Fibre Board
(Controlled by International Paper Co.)

Capitalization—	Authorized	Outstanding
Com., n.p.v. ...	10,000 shs.	10,000 shs.
1st pref. cum. ...	$1,500,000	$1,500,000
Par $100.		
2nd pref. non-cum.	65,000 shs.	65,000 shs.
No par value.		

Of the above International Paper Co. owns $1,318,800 of the first preferred, 64,999 shares of the second preferred and all of the common.

Donnacona

Plan Arranged With Bondholders on Arrears — Now Paying Interest

When regular interest payments became due on the funded debt of Donnacona Paper Co. this year under the terms of the reorganization plan carried out in 1932, the management considered such a step inadvisable as it would seriously deplete the working capital position. Accordingly a further reorganization was carried out, which resulted in placing interest charges on a graduated scale and in line with current earning power. On August 1 the company instituted interest payments on the new basis.

There has been a steady improvement in both the operating and financial position of the company in the last 4 years. While the volume of business handled is still below productive capacity and the price of newsprint unsatisfactory, gross earnings moved up from $150,303 in 1933 to $207,076 in 1935. Despite restricted earnings there has been a sharp reduction in bank borrowings, while the working capital position has changed from an excess of current liabilities over current assets of $701,129 to a favorable surplus of $733,175.

Wipe Out Liability

While the company's position was strengthened during this period of rehabilitation, it is felt that payment of the 5½% fixed interest charge on the first mortgage bonds would unduly impair working capital position as earnings were still insufficient to cover payments.

The second plan of capital reorganization put forward by the company and approved by the security holders provided, among other things, that in return for a further share in the common stock equity, bondholders would waive accrued interest charges amounting to $628,223; accept payment of 3% for the year ended February 1, 1937; 4% during the following year and 4½% thereafter to maturity.

Bond interest at the new rate of 3% amounts to $197,520 annually; $263,360 at 4% and $296,280 at 4½%. On the basis of profit reported last year, the company can pay the 3% interest charge.

See Better Outlook

Last year the company handled about 36,000 tons of newsprint. For the current year production is estimated at 45,000 tons, which, considering that the price has been advanced $1 a ton, should add to revenues from this source. There is a further income from the board mill. This unit was brought into production in the early part of the depression and to date has not had a fair opportunity to demonstrate earning power. There is no indication in the annual financial statement as to the proportion of revenue received from this subsidiary, but in view of competitive conditions, it is assumed profits are small in comparison with output. However, demand for the board has been increasing rapidly and for this year will likely establish a record.

Capitalization—	Authorized	Outstanding
Class A	253,484 shs.	253,484 shs.
Class B	123,088 shs.	123,088 shs.
No par value.		

Funded Debt— 1st mtge. 3-4-4½% bonds, series A, due 1956, outstanding $6,584,000.

Head Office—Quebec.

Officers and Directors—
Officers—Robert P. Kernan, pres.; Hon. George Parent, vice-pres.; Louis W. Michael, sec.-treas.
Directors—Robert P. Kernan, Hon. George Parent, Sir George Garneau, Hon. W Gerard Power, A. C. M. Thomson, Quebec; A. P. S. Glassco, Montreal; L. W. Michael, Donnacona, Que.

Seven Years Earnings—

Year		†Earnings	Dividends	Surplus
1929	....	829,961	......	65,275
1930	....	621,190	......	66,453
1931	....	434,879	......	nil
1932	....	275,474	......	6,036
1933	....	150,308	......	6,254
1934	....	206,522	......	6,740
1935	....	207,076	......	nil

†From all sources.

Times All Interest Earned:

	1935	1934	1933
Before depr. & depl.	*0.57	*0.62	....
After depr. & depl	*0.16	....	....

*Based on full year's bond interest requirements.

Market Record—

	*1936 High	*1936 Low	1935 High	1935 Low
Class A	9¼	4¾	4½	1⅛
Class B	7⅛	2⅞	3⅜	1

*To September 16.

I. P. of Nfld.

Sales Move Higher — Refunding Lowers Interest Charges — Power Supply Broken Temporarily

Increased sales of newsprint; breakdown of power supply; additional financing; and refunding of old bond issues, feature activities of International Power and Paper Co. of Newfoundland, subsidiary of Canadian International Paper over the past year.

During 1935, I. P. of Newfoundland reported net sales of $6.7 millions, an increase of about $400,000 over the preceding year. An increase in the cost of sales wiped out this gain, with the result there was a net loss for the year after all charges of $442,222, as against $363,169 in 1935. However, at the same time, the net working capital increased by nearly $700,000 to $3.3 millions.

Trouble With Power

Shortly after the turn of the current year, operations at Cornerbrook were adversely affected by an accident at the Deer Lake power plant, resulting in cutting off the power supply for the newsprint paper mills. Limited operations were resumed in a few days' time, but it was not until the end of April that conditions returned to normal.

At present newsprint production is not far short of capacity, while the output for the year to date, making allowance for the breakdown at the power plant, has averaged better than 80% of capacity.

Sell New Bonds

In order to take care of the expense in connection with the breakdown of the power plant and to provide for other expenditures, the company issued $1.5 million of new bonds last March. With the proceeds the company will spend nearly $700,000 at the newsprint mill and electric plant on capital account. In addition further expenditures will be made at the power plant to minimize the risk of interruptions in power supply in the future, while some $350,000 will be needed to complete repairs at the plant due to the bursting of the penstock, while the balance will be applied toward reduction of indebtedness of affiliated companies and other corporate purposes.

Refund Bonded Debt

Last fall the company carried out a major refunding operation when nearly £1.9 million of 3% guaranteed A mortgage debenture stock was offered at 97% by the Bank of England. Principal and interest on these debentures are guaranteed by the British Treasury under the Finance Act, 1934, and the proceeds were used to retire a similar guaranteed issue carrying a 4½% coupon.

In addition the British Treasury exchanged its holdings of £149,700 4½% extended series A mortgage debenture stock for £154,300 of 3% second series A mortgage debenture stock, with a cash adjustment to cover the redemption premium on the old issue.

These refunding operations will result in a saving to the company in interest charges amounting initially to about $125,000 a year.

International Power & Paper of Newfoundland
(Controlled by Canadian International Paper Co.)

Capitalization—	Authorized	Outstanding
Common	£5,000,000	†£500,000 ($2,433,250)
Pref. 5%		£2,080,000 ($10,122,320)
Par £1.		

†Entirely held by International Paper and Power Co.

Funded Debt— 1st mtge. bonds, 5%, due 1968, outstanding $4,366,000. 1st mtge. 4½% due 1968, series (1936) outstanding $1,500,000. Guaranteed 3% A mtge. deb. stock, due 1973, outstanding $9,106,360. 2nd A mtge. deb. stk. 3%, outstanding $748,355; B mtge. deb. stk., 5½%, due 1970, outstanding, $9,135,945.

Head Office—Corner Brook, Nfld.

Officers and Directors— Neil C. Head, H. R. Weaver, vice-pres., New York; J. F. Rollins, G. A. Brownell, R. J. Cullen, J. F. Hamell, A. A. Ritchie, and W. N. Hurlbut, all of New York; J. F. Taylor, A. G. Allen, London, Eng.; Hon. Thomas Lodge, V. S. Bennett, St. John's, Nfld.; H. J. Hinman, C. G. Heward, Montreal. Secretary—C. D. Young.

Times Fixed Charges Earned—

	1935	1934	1933
Before deprec. & depletion ...	1.16	1.26	1.33
After deprec. & depletion ...	0.86	0.80	0.80

ANGLO-CANADIAN
PULP AND PAPER MILLS
LIMITED

◆

Manufacturers of
Newsprint Paper

◆

Offices and Mills at Quebec City
Direct connection with both Canadian Railways
Privately owned Wharf on Tidewater

CAPACITY: 550 TONS DAILY

Interlake Tissue

There have been no particular developments in connection with the operations of Interlake Tissue Co., whose business has been operated on a profitable basis for many years past.

Interlake Tissue is interested primarily in the manufacture of paper specialties such as napkins, towels, decorative crêpes and other high-grade products, the demand for which remains fairly constant from year to year and is not subject to extravagant competitive conditions which have prevailed in other branches of the industry.

The financing of Interlake Tissue was carried out privately, so that there is no direct public investment interest in the enterprise. Financial statements are not made public, so that it is not possible to review the company's finances or earning power.

Capitalization—	Authorized	Outstanding
Common	$1,000,000	$628,000
Par $100.		

Officers and Directors— G. Carruthers, pres. and gen. mgr.; S. F. Duncan, vice-pres. and treas.; W. J. Parks, sec.; A. Fasken, S. B. Munroe, A. B. Connable, T. A. Weldon, A. E. Curtonius, Kalamazoo, Mich.

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In a textile mill using about 40 motors, power factor was raised from 65% to 90% by installing a Westinghouse Capacitor costing $1,175.00. Monthly power bill decreased $105.00, or a total saving on power of $1,260.00 in one year!

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St. Lawrence Corp.

Subsidiary Units Record Betterment in Production and Earnings — Outlook More Hopeful

Consolidated statement of St. Lawrence Corp., holding company for St. Lawrence Paper Mills, Brompton Pulp and Paper and Lake St. John Power and Paper, shows a loss of $8,961 for 1935, bringing accumulated deficit, after adjustments, to $20,531.

The balance sheet at the end of last year shows little or no change from that reported at the close of the previous year.

St. Lawrence Corp. now holds 502,915 shares of St. Lawrence Paper Mills common stock; 297,284 shares of Brompton common and 99,246 of Lake St. John Power and Paper common.

Position Looks Better

The position of the respective companies in which St. Lawrence Corp. holds the junior equity has shown an improvement in the past year. Lake St. John Power has experienced a sharp increase in earnings, which has permitted payment of interest on the first mortgage bonds. A scheme is now under consideration for the reorganization of Lake St. John, which will result in the cutting down of the junior equity. Just how this will affect St. Lawrence Corp. is unknown at the moment, but the net result should be to enhance the merit of the company's investment in this property.

Brompton Unit Important

The outlook for the other major interests of St. Lawrence Corp., namely, Brompton Pulp and Paper, is more favorable. Brompton's tonnage position has undergone an improvement, while earning power of the company is currently higher than it has been for some time past. The new price on 1937 deliveries promises to add to earnings on the common stock, all of which is held by St. Lawrence Corp.

The position of St. Lawrence Corp. A stock is more encouraging than it has been for several years past. However, there is no immediate prospect of a dividend as the companies controlled will build up working capital before doing anything in the way of distributing earnings on the capital stock.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	*2,000,000 sh.	572,390 sh.
Pref. A cum. conv. red.	$15,000,000	$14,864,200
Par $50.		

*7,500 shares reserved against options to subscribe for stock of St. Lawrence Paper Mills Co. and 600,000 for conversion rights of class A preferred.

Funded Debt—
None.

Dividend Record—
Preferred—Entitled to 4% per annum ($2), cumulative from April 1, 1930, payable Jan., April, July and Oct. 15. Initial dividend of 50c. per share paid July 15, 1930. Payment reduced to 2% (25c. per quarter) with payment due April 15, 1931. Payment due July 15, 1931, deferred; none since.

Head Office—Montreal.

Officers and Directors—
Officers—A. F. White, chairman; A. K. Cameron, pres.; J. I. Rankin, vice-pres.; A. M. Creighton, sec.-treas.; A. C. Davy asst. sec.-treas.
Directors—J. I. Rankin, N. A. Timmins, Jr., D. H. Taylor, A. K. Cameron, H. C. Flood, R. W. Steele, Arthur H. Campbell, Montreal; A. F. White, H. H. Horsfall, George R. Cottrelle, Toronto.

Deficit Account
Years Ended Dec. 31

	1935	1934	1933
	$	$	$
Deficit for year ...	8,961	8,096	3,521
Add: Prev. deficit.	11,617	3,521	....
Less: Adjust.	47	......	....
Deficit forward ...	20,531	11,617	3,521

Market Record—

	*1936		1935		1934	
	H	L	H	L	H	L
Com. ...	3⅛	1½	1.90	.60	3½	1
Pref. ...	14⅞	8	9½	3	11⅞	5½

*To September 16.

St. Lawrence Paper

Write-Down of Capital Is Helpful — Pays Off Obligations

St. Lawrence Paper Mills position has improved in the last 12 months, though the company is still not out of the woods. Operations now are better than 76% of capacity. This is due in part to rising consumption, but mainly to receipt of large contracts from Hearst and Scripps-Howard toward the end of 1934. The latter business expires this year, but prospects are that the contracts will be renewed on a more favorable price basis, or that the tonnage will be replaced by other business.

Foreign tonnage on the company's books is becoming less important, so that the average price received by the company for its products is better than it has been for some time past.

Pay Off Obligations

Early this year steps were taken to clear up obligations to Brompton and Shawinigan. These liabilities of over $971,000 were settled for cash payment of $600,000. In order to raise the money the company created a small bond issue which was deposited as collateral with the banks to cover the new loan.

Incidental to the settlement of these liabilities, an arrangement was made with Shawinigan for the revision of the power contract to a more favorable basis, with an extension to 1944.

Write Down Assets

Another important development in connection with the company's financial affairs was the writing down of certain capital assets of the company to present day values. The reduction amounted to $15 millions.

In order to effect this change, the book value of the common stock was reduced from $12.1 millions to $514,675; in other words, from about $23 to $1 a share. Further, the greater part of the reserves were used, the write-down being from $3.5 millions to $135,894.

By this transaction the actual value or number of shares outstanding was not affected.

ST. LAWRENCE PAPER MILLS
(Controlled by St. Lawrence Corp.)

Capitalization—	Authorized	Outstanding
Common, n.p.v.	1,000,000 sh.	‡514,675 sh.
Pref. cum. red. ..	$19,000,000	$14,225,600
Par $100.		

‡Upon completion of exchange all these shares will be held by the parent company. As at Dec. 31, 1935, 502,915 shares were so owned.

Funded Debt—
None.

Dividend Record—
Preferred—Entitled to 6% per annum, cumulative from April 15, 1928, payable Jan., April, July and Oct. 15; paid regularly until April 15, 1931, when payment reduced to ¾ of 1%; payment due July 15, 1931, deferred; none since.
Common—None paid.

Head Office—Montreal.

Officers and Directors—
Officers—A. K. Cameron, chm. of bd.; J. I. Rankin, pres.; A. F. White, vice-pres. and man. dir.; A. M. Creighton, compt. and sec.-treas.; A. C. Davy, asst. sec.-treas.; A. McCann, asst. sec.; O. G. Stenstrom, gen. mgr.
Directors — H. C. Flood, Arthur H. Campbell, A. K. Cameron, J. I. Rankin, R. W. Steele, Montreal; A. F. White, Toronto, and P. H. Nitze.

Seven Years Earnings—
Year ended Dec. 31:

Year	Earnings	Dividends	Surplus
	$	$	$
1929†‡	*1,430,734	888,770	738,033
1930‡	*1,389,496	855,000	859,811
1931	427,452	106,875	640,134
1932	§286,671	......	§944,245
1933	§430,887	......	§1,659,357
1934	§368,981	......	§2,143,338
1935	§30,964	......	§2,250,459

*After deduction of all manufacturing and other charges and expenses, including depletion and income tax, but before provision for depreciation.
†May 8, 1928 to June 30, 1929. From date of organization of present company.
‡Year ended June 30.
§Loss.

Market Record—

	*1936		1935		1934	
	H	L	H	L	H	L
Pref. ..	41¼	20½	22½	8¼	26	10

*To Sept.16.

Brompton

Earning Power on Better Scale With Prospects Best in Years

Brompton Pulp and Paper is a wholly owned subsidiary of St. Lawrence Corp., but the investment interest in the enterprise lies in St. Lawrence Corp.'s A stock which was exchanged share for share for the common stock of Brompton.

Affairs of Brompton have undergone an improvement. In 1935 the company reported a net revenue of $288,979 as against $221,602 in 1934. After depreciation, depletion and bond interest, the deficit for the year was $88,660, as against a profit of $14,288 in 1934. This was due to an increase in the depreciation reserve rather than to any actual cash outgo.

Write Down Capital

As in the case of the associated enterprises of St. Lawrence Paper Mills, Brompton wrote down its capital assets from $21.5 millions to $10.7 millions. The book value of the capital stock was reduced from $15 to $7.5 millions; depreciation and depletion reserve from $5.2 millions to under $2 millions; the capital surplus arising from consolidation from $358,650 to $258,650.

As a result of this action, the company is enabled to reduce the reserve for depreciation and thus hasten the time when dividends can be paid on the stock.

Not only has the current financial position been improved, but Brompton has added appreciably to its earning power. At the beginning of 1936, contract prices on newsprint were advanced $1 a ton. The greater part of this increase represents an addition to net profits. With other activities holding up, prospects are that the income statement for 1936 will show a gross revenue of $300,000 to $350,000, compared with the corresponding figure of $212,086 in 1935. How much of this will be available on the capital stock, depends on the extent of the write-offs for depreciation. These charges will be as large as permissible as there is no call to pay dividends at this time.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	500,000 shs	*300,000 shs.

*Upon completion of exchange all these shares will be owned by the parent company. As at Dec. 31, 1935, 297,284 shares were owned.

Funded Debt—
Obligations of McCrea-Wilson Lumber Co., Guaranteed:

6% first mtge. bonds, due 1939	*$196,000
6% gen. mtge. S. F., due 1937 ..	50,000

*Called for redemption Oct. 1, 1936.

Dividend Record—
Common—None at present. Was $2 per annum, payable Jan., April July and Oct. 15. Reduced to $1 per annum with quarterly payment April 15, 1931; payment due July 15, 1931, passed; none since.

Head Office—Montreal.

Officers and Directors—
Officers — A. F. White, pres.; R. W. Steele, vice-pres.; A. M. Creighton, compt. and sec.-treas.; A. McCann, asst. sec.; J. E. Palmer, asst. treas.; S. L. De Carteret, gen. mgr.
Directors—J. I. Rankin, R. O. Sweezey, R. W. Steele, A. M. Creighton, S. L. DeCarteret, Montreal; Arthur F. White, Toronto; F. C. Baker, Lennoxville; S. R. Newton, D. J. Salls, Sherbrooke.

Five Years Earnings—

Year	Earnings	Dividends	Surplus
	$	$	$
1931	174,322	75,000	1,328,900
1932	*670,931	......	*459,776
1933	*262,350	......	*803,491
1934	199,299	......	*787,943
1935	203,207	......	*1,014,548

*Less or deficit.

Mersey Paper

Capacity operations have been maintained at Mersey Paper Co.'s Liverpool, N.S., mill. This is one of the few companies which has been able to keep its plant facilities in full operation during the depression. Its earning power, of course, has been affected by the decline in the value of newsprint, but the upward adjustment in the rate schedule at the beginning of 1936, should add to earning power. Further the new price of $42.50 a ton for 1937 deliveries, representing an increase of $1.50 over that currently prevailing, should put the company's earnings well past the $1 million mark annually.

Last year the company showed consolidated net earnings of $746,000 or about $94,000 more than in 1934. After paying interest, the company followed its usual policy of charging off the balance of income to depreciation and depletion.

The balance sheet showed a reduction of $85,000 in current bank loans at the end of last year.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	150,000 shs.	150,000 shs.
Pref. cum. red. ..	$5,000,000	$5,000,000
Par $100.		

Funded Debt—
1st mtge. 6% S. F. bonds, due 1954, outstanding $4,671,500. Issued and deposited with bank as collateral security for loan $2,760,000.
General mtge. bonds, series A, 6%, due 1949, outstanding $1,899,500.

Dividend Record—
Preferred—Entitled to 6½% per annum, cumulative from July 1, 1930; payable quarterly, Jan., Apr., July and Oct. 1. None paid to date.
Common—None paid to date.

Head Office—Brooklyn (Queen's Co.), N.S.
Officers—Col. C. H. L. Jones, pres. & man. dir.; J. McG. Stewart, vice-pres.; T. M. Ratchford, sec. and treas.
Directors—Col. C. H. L. Jones, J. McG. Stewart, Col. J. L. Miller, P. R. Jack, J. C. MacKeen, Halifax, N.S.

Times All Interest Earned—

	1935	1934	1933
Before deprec.	1.91	1.64	2.18
After deprec.	1.00	1.00	1.00

Six Years Earnings—

Year	Earnings	Dividends	Surplus
	$	$	$
1930	852,922	......	172,702
1931	1,093,573	......	506,166
1932	799,963	......	......
1933	881,025	......	......
1934	652,503	......	......
1935	746,624	......	......

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Power Plant No. 2
Power Plant No. 1
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GOLDEN JUBILEE

(Trade Mark)

1936

This year the E. B. Eddy Co. Limited, celebrates the Golden Jubilee of its incorporation. This year also marks the 85th anniversary of the founding of the firm.

Eighty-five years ago! What a world of change has taken place since then. Automobiles... aeroplanes... radio... talking pictures... the great modern newspaper... all these were but the vague dreams of visionaries when the E. B. Eddy Co. was founded.

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Makers of a wide range of quality papers for Commercial, Professional and Domestic purposes.

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A bond paper with strength, folding qualities, durability and appearance. Ideal for invoices, statements, reports, memo forms, office records, order forms, etc.

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A particularly fine bond for quality printing jobs where better bond paper is required. Smooth in color, even in texture and of uniformly high quality.

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No better values can be found anywhere than Eddy's "White Swan", "Navy" and "Dreadnought"—three of Eddy's most widely accepted brands. All Eddy tissues are safe, sanitary and economical.

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GUTTA PERCHA
& RUBBER, LIMITED

Spruce is Mainstay

Spruce and balsam are the most important woods used in the manufacture of pulp, accounting for over 98% of the total timber employed. A small amount of hemlock, jack pine and poplar also is used.

Canada's Newsprint Industry Staging Comeback

(Continued from page 13)

cient exploitation of the country's timber resources.

The efficient cutting of wood, processing into newsprint and selling, this group believes, can best be done by 2 or 3 large corporations. To this end it has been suggested that the companies working in the Saguenay area of Quebec; those in the St. Lawrence and Gatineau sections; and those in Ontario and Manitoba, be banded together to make 2 or 3 large companies. Others favor the setting up of a super-company, controlling plants from the Head of the Lakes to the Saguenay River, so that business offering may be handled in a more economical manner.

* * *

Economies Possible

THE idea of a super-consolidation, or a series of 2 or 3 major consolidations, is not new. It has been advanced on different occasions and was first strongly supported by the so-called Bankers' Committee a few years ago. While that committee folded up, the idea still persists and even at this time interests are working on it.

Theoretically this idea has merit. Centralizing of woods operations, distribution of business to the mill best able to handle it, a unified sales policy and management, etc., are all factors which should work for the more efficient exploitation of the timber resources.

The arguments against such a consolidation are equally strong. It is doubted if such an organization would effect the promised economies or that efficient management is possible on such a large scale. The history of International Paper does not bear out the theory. This company started off by dominating the U. S. newsprint industry. Before many years had passed, its percentage of the total business offering had declined sharply and neither savings nor earnings had materialized.

One basic reason for centralizing activities is a unified price policy which, in turn, implies a more equitable price for newsprint. This is a praiseworthy objective. However, it would be only human, if with control in its hands a super-consolidation attempted to set prices to meet its own needs and with little consideration of the consumer.

Then, too, there is the attitude of the publisher. If he considers that centralizing the Canadian newsprint supply under control of one or 2 companies endangers his liberty to buy where he chooses, there would develop a consumer antagonism which might result eventually in setting up other sources of supply. Thus the super-consolidation for the Canadian newsprint industry is an idea, which, if carried into effect, might work for good or evil.

* * *

Investment Possibilities

SO MUCH for corporate affairs. In considering the industry from the investment point of view, one outstanding feature is the limited number of companies in which the public have a direct financial stake. Past consolidations is the reason. At this time there are less than a dozen companies whose bonds and stocks are regularly traded in.

Newsprint Securities in Hands of Public

No Direct Interest
Spruce Falls
Pacific
Powell River
Booth
Ontario
N. B. Internat'l
Anglo-Canadian
James Maclaren
Beaver Wood
Murray Bay
E. B. Eddy

Bonds Only
Mersey
C. I. P.
Lake St. John

Stock Only
St. Law. Paper
St. Law. Corp.

Bonds & Stocks
Abitibi*
M. and O.*
Price Bros.*
Consolidated
Donnacona
Great Lakes

* In receivership.

A further sub-division is possible by segregating those public companies which are meeting interest charges or paying dividends on capital stock. In this category, Mersey, Canadian International, Great Lakes and Donnacona are paying bond interest; none is paying a dividend.

If the present sales trend continues and the price situation is corrected over the next year or 2, as is expected, recovery will come about quickly. Financial statements of the past 2 years, for example, are striking evidence of the industry's recuperative powers. On a smaller volume of business than now prevails, and without the benefit of recent price increases, several millions of liabilities have been liquidated and working capital materially strengthened. This is no mean showing and augurs well for what can be done with a more equitable selling price and continued demand. Consequently there is reason for optimism when considering the outlook for the newsprint industry.

Minas Basin Pulp

Operations of Minas Basin Pulp and Paper Co., of Hantsport, N.S., have not been featured by any particular developments over the past year. This company's plant is capable of turning out about 12,000 tons of high-grade mechanical pulp annually. Production of late has been running around 9,000 tons, practically all of which is marketed with the Scott Tissue Mills in the United States.

Capital Invested $540 Millions

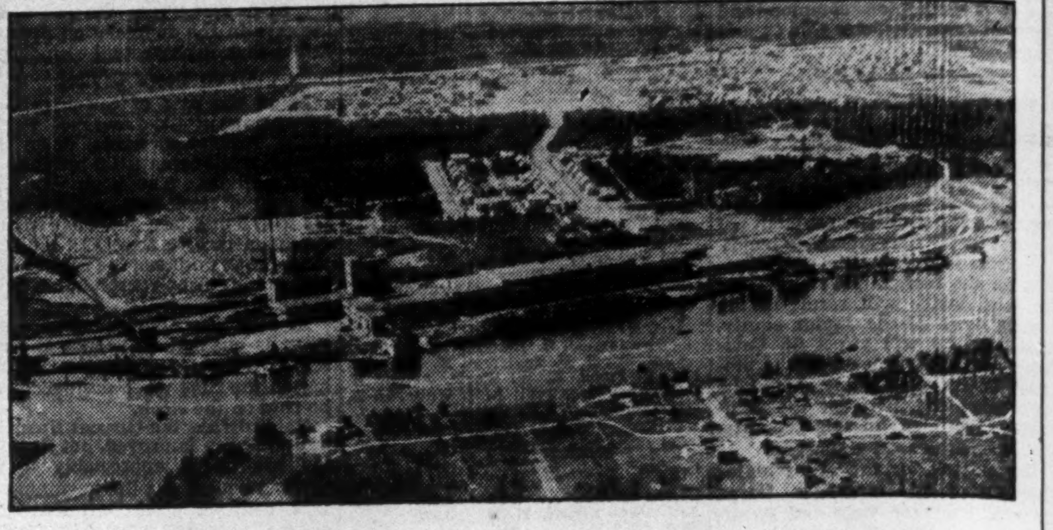
Over $540 millions of capital is invested in the Canadian pulp and paper industry and almost exactly one half of this amount is in Quebec.

CANADIAN PULP AND PAPER BONDS

We are recommending the purchase of several pulp and paper bonds at present prices for substantial appreciation.

Send for our Bulletin giving specific suggestions.

KIPPEN & COMPANY, INC.
Investment Securities
204 Hospital St., Montreal Telephone: BElair 2646



The modern mill and head office at Dolbeau, Que.

LAKE ST. JOHN POWER &
PAPER COMPANY LIMITED

A modern mill, strategically located in relation to timber and power resources, for the economical production of newsprint paper.

DAILY CAPACITY - - 325 TONS

OFFICERS
D. H. McDougall
Chairman of Board
A. S. McNichols
President
H. H. Horsfall
Vice-President
P. M. Fox, *General Manager*
C. W. Davison, *Secretary-Treasurer*

DIRECTORS
D. H. McDougall; H. H. Horsfall;
A. Scott Fraser; Arthur H. Campbell;
A. S. McNichols; J. I. Rankin; John Stadler

MILL AND HEAD OFFICE AT DOLBEAU, QUEBEC
ADMINISTRATION OFFICE: MONTREAL, QUEBEC

Consolidated Paper

Betterment in Operations and Earnings Draws Attention to Directors' Policy on Resumption of Interest

Consolidated Paper Corp., one of the largest newsprint manufacturers in Canada, will be called upon shortly to make a major decision, namely, whether or not earnings and prospects for the immediate future justify payment on January 2 next of the half yearly interest due on its $51.4 millions of bonded debt.

Though Consolidated has neither fully re-established its financial position nor earning power, a great deal of progress has been made. The low point in the company's finances was reached in 1931 when bank loans totalled $21.7 millions. They are now $11 millions.

The improvement in earnings has been equally impressive considering the limited operations and unsatisfactory price of newsprint. In the year ended March 31, 1933, the company had an operating loss of $98,087. This loss was increased to $235,141 in the following year. In the 1935 fiscal year, however, an operating profit of over $1 million was reported and for 1936 over $2.2 millions.

Economies Have Effect

This showing has been very largely due to operating economies, as the increase in production does not wholly account for the gain in profits. For example, operations in the last fiscal year were around 60% of capacity as against 50% in 1934-35 and about 33 1/3% in the 2 preceding years.

Current operations of Consolidated Paper are better than they have been in several years. In addition the price of newsprint on deliveries to the American market was increased $1 a ton at the beginning of the year, so that it is to be expected the income statement for the 12 months ended March next will show an operating profit almost sufficient to cover interest on the bonds, or about $2.8 millions.

Working Capital Limited

While the price of newsprint for 1937 has been advanced another $1.50 a ton and the outlook for demand appears encouraging, the fact still remains that Consolidated Paper has an adverse working capital of several millions of dollars. While there has been no particular pressure from the banks to reduce loans, the directors may deem it advisable to ask bondholders to make further concessions in order that the company may rebuild its financial position.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	2,000,000 sh.	1,534,725 sh.

Funded Debt—
1st mtge. gold bonds and sterling debenture stock, 5½%, due 1961, outstanding $51,406,900. Balance of issued bonds pledged as collateral to special bank loans.

Subsidiaries—
Wayagamack News, 5% 1st mtge. deb. stock, due 1940, outstanding $795,214.
Ha! Ha! Bay Land & Building 5½% serial bonds, due 1939, outstanding $69,200.

Head Office—Montreal.

Officers and Directors—
Officers—LaMonte J. Belnap, pres.; G. M. McKee and C. R. Whitehead, assts. to the pres.; George Henderson, compt.; G. Wilfred Hodgson, sec.; D. Lloyd Adams, treas.; John W. Hodgson, asst. treas.
Directors—LaMonte J. Belnap, G. M. Todd, H. Crabtree, N. J. Dawes, W. H. Howard, Beaudry Leman, Ross H. McMaster, E. A. Macnutt, A. B. Purvis, W. P. Creagh, W. H. Jackson, C. F. Sise, Julian C. Smith, F. C. Bush, Montreal; Col. H. D. Lockart Gordon, Toronto.

Times Bond Interest Earned—

Years ended Mar. 31:	1936	1935
Before depreciation	0.80	0.39
After depreciation	nil	nil

Four Years Earnings—

Year	Earnings $	Dividends $	Deficit $
1933*	†98,087	......	98,087
1934	†235,141	......	120,533
1935	1,044,320	......	120,533
1936	2,269,450	......	120,533

*15 months. †Loss.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Common	5¼	2	2.25	.70	3½	1½

*To Sept. 16.

95 Plants Reported

Canada has 95 pulp and paper plants, of which number 41 are located in Quebec, 36 in Ontario, 6 in British Columbia, and the rest in Nova Scotia, Manitoba and New Brunswick.

Lake St. John

Reorganization Plan Details Expected Shortly—Position Greatly Improved

Operating profits of Lake St. John Power and Paper Co., common stock of which is held by St. Lawrence Corp., showed a material increase in 1935 as compared with 1934. Net income covered first mortgage bond interest after depreciation. There was a loss of $271,984, however, when debenture interest of $183,430 and interest on arrears of $100,838, was provided. Bank loans of $148,481 were paid off during the year, releasing all prior lien bonds pledged with the bank as collateral.

Output of the Dolbeau plant was 88.1% of capacity last year, whereas at present it is running near to capacity. Shipments improved materially in the latter part of 1935 and this improvement has continued throughout 1936 to date.

Ready for Reorganization

In a letter sent out to the bondholders by the Protective Committee last month, it was pointed out that the business of Lake St. John Power is now on a sufficiently stable basis to justify a reorganization. The scheme in mind is understood to provide, among other things, for an exchange of the present 6½% first mortgage bonds, on which there are substantial arrears of interest, on the basis of $120 of new 5½% first mortgage bonds, a small amount of cash and an interest in the common stock for each $100 bonds held.

LAKE ST. JOHN POWER AND PAPER
(Controlled by St. Lawrence Corp.)

Capitalization—

	Authorized	Outstanding
Com., n.p.v.	...100,000 shs.	†100,000 shs.
Preferred cum....	$4,000,000	*3,600,000
Par $100.		

* All these shares held by St. Lawrence Paper Mills Co.
† Upon completion of exchange, all these shares will be held by parent company. As at Dec. 31, 1935, 99,246 shares were so owned.

Funded Debt—
1st mtge. S. F. bonds series A, 6½%, due 1947, outstanding $4,710,500.
Mtge. debentures, series A, 6½%, due 1942, outstanding $2,822,000.
In Feb., 1933, creation of $1,000,000 prior lien mortgage bonds was authorized, and $600,000 subsequently issued and hypothecated with bankers as security for existing loans. In 1935, bank loans were paid off and bonds withdrawn and lodged with trustee in 1935.
Interest on the bonds and debentures in default Aug. 1, 1932. Payment postponed to Aug. 1, 1934. Interest on the 6½% series A bonds, due Aug. 1, 1932, was paid on Feb. 1, 1935. Payment due Feb. 1, 1933, paid Feb. 1, 1936.

Head Office—Dolbeau, P.Q.

Officers and Directors—
Officers—D. H. McDougall, chairman of board; A. S. McNichols, pres.; H. H. Horsfall, vice-pres.; P. M. Fox, gen. mgr.; C. W. Davison, sec.-treas.
Directors—°D. H. McDougall, *A. S. McNichols, °H. H. Horsfall, •A. H. Campbell, •J. I. Rankin, °John Stadler, *A. S. Fraser.

°Representing bondholders. *Representing debenture holders. •Nominees of St. Lawrence Corp.

Protective Committees—
Bondholders: D. H. McDougall, Toronto, chairman; G. A. Dobbie, Galt; H. H. Horsfall, H. R. Jackman, A. F. White, Toronto; W. S. Lighthall, and John Stadler, Montreal.
Debenture Holders: A. S. McNichols, Montreal, chairman; W. H. Marsh, J. W. Mitchell, R. R. Corson, F. G. Osler, Toronto; C. G. Cockshutt, Brantford; A. S. Fraser, Montreal.

Times Interest Earned—

	1935	1934	1933
Bond interest:			
Before depr. & depl.	1.76	1.33	0.99
After depr. & depl.	1.04	0.64	0.36
Debenture interest:			
Before depr. & depl.	1.26	0.54	...

Five Years Earnings—

Year	Earnings	Dividends	Surplus
1931	569,963	....	*51,988
1932	388,740	....	*404,738
1933	305,945	....	*773,856
1934	†405,822	....	*993,534
1935	†537,538	....	*1,265,323

* Deficit. † After depletion.

Paper Napkins Important

Paper napkins are a relatively small item among Canada's paper products, but last year the industry turned out 375 million, valued at $257,899.

Hinde&Dauch

Hinde & Dauch Paper Co. of Canada, Toronto, is having a satisfactory year, volume being about 12% ahead of 1935. Last year's earnings covered bond interest over 7 times after depreciation and were equivalent to $1.18 a share on the common stock. Maintenance of earnings leads to some expectation of a bonus or an increase in the annual dividend rate of 50 cents a share. This is reflected in the recent strength of the shares, which at about $18 yield less than 3%.

Due to prevalent low rates of interest, it would be possible for the company to redeem its 5½% first mortgage at 102½ for refinancing at a reduced rate of interest. Quotations for the bonds are slightly above the redemption price.

The company has plants at Montreal, Toronto and Trenton, and is the largest manufacturer in Canada of fibre and corrugated paper shipping containers. It manufactures other corrugated paper products, paperboard and straw paper for corrugating.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	300,000 shs.	299,933 shs.

A majority of the stock is held by the Hinde & Dauch Paper Co. of Ohio.

Funded Debt—
1st mtge. S. F. bonds, series A, 5½%, due 1948, outstanding $1,175,500.

Dividend Record—
Common: Present rate 50c.; $1 per annum paid quarterly from July, 1928, to Jan., 1930; passed until payment of 12½c. a share on Jan. 2, 1935 and regularly since.

Head Office—Toronto.

Officers and Directors—
Officers—S. Frohman, pres.; L. F. Winchell, vice-pres. and gen. mgr.; J. H. MacLeod, sec.; T. E. Lloyd, treas.; M. H. McArthur, gen. sales mgr.
Directors—S. Frohman, J. H. MacLeod, Sandusky, Ohio; M. H. McArthur, L. F. Winchell, T. E. Lloyd, R. L. Warren, Toronto; M. H. Murch, Cleveland.

Times Bond Interest Earned:

	1935	1934	1933
Before deprec. ...	10.04	7.98	4.53
After deprec.	7.24	5.31	2.16

Earnings per Share and Dividend Record—

	1935	1934	1933
Com.: Earned ...	$1.18	$0.80	$0.26
Paid	0.50	0.12½	...

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	455,717	224,950	191,711
1930	214,308	299,933	7,522
1931	*33,771	......	*298,466
1932	205,382	......	*57,271
1933	†344,123	......	78,929
1934	546,400	37,492	201,683
1935	664,437	149,967	202,969

*Loss or deficit.
†Includes profit on purchase of bonds of $17,405.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Common	18	12	13¾	10	10	5¾

*To September 16.

for
PROTECTION

Pulp and Paper Mill Maintenance Engineers are becoming more and more familiar with this outstanding product.

Designed particularly for the protection of metal surfaces, "T-H X190" is waterproof, weatherproof and impervious to acid fumes.

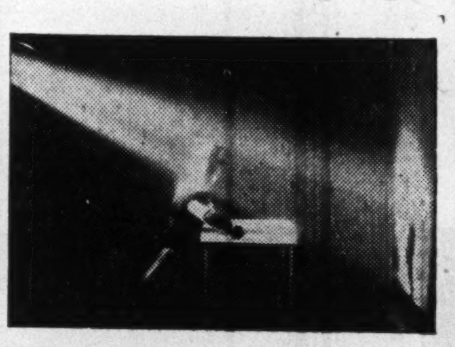
Due to its hard enamel surface, "T-H X190" may be used for exterior as well as interior purposes. Structural steel or any type of metal surface is afforded ample protection with this material.

Briefly, "T-H X190" is the answer to DURABILITY and ECONOMY and is highly recommended wherever quality material is required.

THORP-HAMBROCK CO. LIMITED
Specializing in
QUALITY-MAINTENANCE PAINTS *for* PULP *and* PAPER MILLS
MONTREAL CANADA

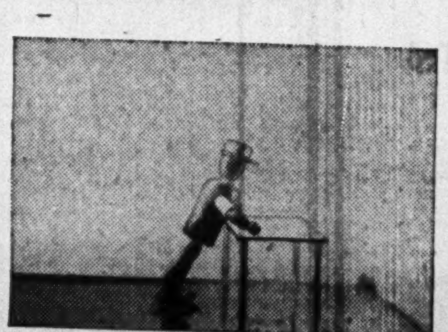
SAVE-LITE

Same room . . . same light in all three photographs



Illumination in a room painted black is limited to direct light from lamp or window. Shadows and glare spots tire the eyes.

A gray paint is better, but much of the light is absorbed by walls and ceiling. Glare and shadows still bad.



Save-Lite improves illumination over 500%, reflecting over 89% of the light that falls on it. Shadows and highlights disappear.

IMPROVES LIGHTING CONDITIONS 500%!

Efficient illumination is only about one-fifth part direct light; the balance consists of reflected light — from walls, ceiling and other surfaces. The illustrations show how Save-Lite can improve illumination as much as 500%, resulting in better working conditions and lower light costs.

Save-Lite has a very high light reflection value — its brilliant whiteness reflects over 89% of the light that falls on it, with no glaring highlights. Moreover, Save-Lite assures the absolute minimum of after-yellowing. Its hard tile-like surface affords no foothold for dust and can be washed again and again without injury.

Over a period of years Save-Lite will save you many times its cost in better lighting and lower light bills.

Write for complete information.

Our expert paint engineers are each equipped with the "Sightmeter", and will gladly test the efficiency of the lighting in any part of your plant, without obligation, of course.

FOR ENDURING WHITENESS
SAVE-LITE
INTERIOR WALL ENAMEL

Made by
THE SHERWIN-WILLIAMS CO.
of Canada, Limited
Head Office MONTREAL

Don Valley Paper Co. Limited
Toronto Ontario

Makers of Cover, Bristol, Index, Blottings, Tag and Folder and high class Specialties.

Specify Don Valley Brands

Anglo - Newfoundland Development Co. Ltd.
Grand Falls, Newfoundland

Manufacturers of Newsprint

Annual Production
170,000 Tons

Head Office:
Grand Falls, Newfoundland

DONNACONA PAPER COMPANY LIMITED

SITUATED on tide-water at the junction of the Jacques Cartier and St. Lawrence Rivers, Donnacona Paper Company is in an advantageous position both as to accessible wood supplies and the transportation of raw materials and the finished products.

DONNACONA NEWSPRINT enjoys wide consumer acceptance for its high quality — the product of plant efficiency.

DONNACONA INSULATING BOARD — manufactured in a thoroughly modern mill — is meeting increasing demand in the markets of the world.

The company's executive is alert to improving business trends and to the sound management of the company's resources.

TIMBER RESERVES — Approximately 4,250,000 standing cords of pulpwood.
NEWSPRINT CAPACITY — 250 tons daily.
SULPHITE PULP — Annual capacity 30,000 tons.
GROUNDWOOD PULP — Annual capacity 75,000 tons.
INSULATING BOARD — Annual capacity 45,000,000 sq. ft. standard half inch board.

OFFICERS
ROBERT P. KERNAN, *President*
HON. GEORGE PARENT, K.C., *Vice-President*
LOUIS W. MICHAEL, *Secretary-Treasurer*
DIRECTORS: Robert P. Kernan, Hon. George Parent, K.C., Sir George Garneau, Hon. W. Gerard Power, A. C. M. Thomson, K.C., Louis W. Michael, Quebec; A. P. S. Glassco, Montreal.

Head Office:—44 St. Louis St.—Quebec
Mills — DONNACONA, Que.

B. C. Pulp

Disturbance of Market Has Effect on Operations and Earnings

British Columbia Pulp and Paper Co. reported sharply lower earnings in 1935 after the previous 2 years of improvement. Price reductions, tariffs and trade difficulties with the Orient and a dislocation of shipping facilities from Vancouver, made it necessary for the company to seek new customers and were the main factors contributing to the poor year. A change to less natural markets made necessary in 1935 were, to some extent, reflected in results for the early part of 1936, but somewhat better conditions are anticipated during the remainder of the year.

Net revenue in 1935 totalled $264,128 compared with $702,933 in 1934 and $404,072 in 1933. After providing for bond interest and depreciation there was a deficit of $356,738, as against $21,620 in 1934.

Work to be Done

First mortgage bond obligations are now paid up to date. On the general mortgage bonds one half year's interest was paid in cash and the remainder deferred, along with all other payments from May 1, 1932 to May 1, 1937, until November 1, 1940.

The preferred stock at the close of last year was $29.75 in arrears with little prospect of early resumption of dividends, while the common stock has never received a dividend.

Both classes of bondholders have made concessions to protect working capital and earnings position.

Capitalization—	Authorized	Outstanding
Common, N.p.v.	150,000 shs.	100,000 shs.
Preferred, 7% ..	$1,000,000	$556,200
Par $100.		

Funded Debt—
1st mtge. S. F. gold bonds 6% due 1950*, outstanding $3,180,000.
General mtge. 7%, due 1950†, outstanding $1,445,400.

---

*Bondholders accepted scrip in place of cash for 1933 and 1934 interest; script certificates A, B, C and D representing four coupons were subsequenttly repaid in cash with interest at 8% by Nov., 1934, and no interest is now overdue. In May, 1933, approval was given to cancellation of sinking fund payments due 1932-34. 1935 payment was met.

†After two interim postponements it was agreed in 1935 to postpone all interest due from May 1, 1932, to May 1, 1937, until Nov. 1, 1940, with exception of May 1, 1935 coupon which was paid in cash.

Dividend Record—
Preferred—Entitled to 7% per annum, cumulative from Nov., 1925, payable quarterly, Feb., May, Aug. and Nov. 1; $8.75 paid Feb., 1927, representing all accumulated dividends. Regular quarterly payments made thereafter to and including Aug. 1, 1931. None since.
Common—None paid.

Head Office—Vancouver.

Officers and Directors—
Officers—Lawrence Killam, pres. and man. dir.; George Kidd, vice-pres.; O. A. Jorgenson, treas.; Miss E. M. Dominy, sec.
Directors — Lawrence Killam, George Kidd, R. C. Buchanan, W. H. Malkin, O. A. Jorgenson, Cecil Killam, Vancouver, B.C.; I. W. Killam, Montreal.

Times Interest Earned—

	1935	1934	1933
Before deprec. ...	0.82	2.21	1.28
After deprec.	0.20	0.98	0.17

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	599,776	38,934	56,158
1930	671,903	38,934	56,440
1931	363,446	29,200	*142,348
1932	*76,206	......	*522,202
1933	404,072	......	*782,918
1934	702,933	......	*804,538
1935	264,128	......	*1,088,377

*Loss or deficit.

Maclaren

Low Newsprint Price Holds Down Earnings — Headway Is Reported

An unofficial estimate of the earning power of Maclaren Power and Paper Co., owning the James Maclaren Co. which operates a 2-machine newsprint mill at Buckingham P.Q., are estimated at $800,000 for 1936. This is the amount available for depreciation and bank interest and is above that reported for 1935. On the basis of the new price for newsprint, earnings in 1937 before depreciation are calculated at $1 million.

Operations of James Maclaren Co. are tied in with the scheme of the Maclaren Power and Paper Co., which, in addition to James Maclaren, controls extensive lumber operations and the Maclaren-Quebec Power Co. Neither of the operating subsidiaries publish separate financial statements, so that the progress of the Maclaren enterprise can only be judged from the report of the holding company.

Relations Interlock

The paper company and the power company are separate entities, although the common shares are held by the parent companies. The only connection is first, that the paper company buys from the power company 66,000 h.p. for the operation of the newsprint mill for which it pays $600,000 per annum; and, second, the paper company has made advances to the power company for construction. These advances at November 30, 1935, amounted to approximately $3.5 millions.

The newsprint operations have been carried on at capacity, the entire output being sold in the Canadian and United States markets.

Investment interest in the paper property lies indirectly in the common stock of Maclaren Power and Paper Co. At the moment this stock is closey held but if present plans are carried through to have the shares quoted on the Montreal Curb Market, there should be a broadening of investment interest in the company.

MACLAREN POWER AND PAPER

Capitalization—	Authorized	Issued
Common, n.p.v.	750,000 shs.	500,000 shs.

Funded Debt—
None, but MacLaren-Quebec Power Co., subsidiary, has outstanding $12,000,000 5½% first mortgage bonds, series A due 1961, and series B due 1964, $6,000,000.

Dividend Record—
In 1931 the sum of $175,000 was paid which is equivalent to $0.35 per share. None reported in 1932; none paid in 1933, 1934 or 1935.

Head Office—Buckingham, P.Q.
Officers — Albert Maclaren, pres.; Alexander Maclaren, vice-pres.; J. A. Bryant, sec.; J. T. Black, treas.
Directors — Albert Maclaren, Alexander Maclaren, R. M. Kenny, T. F. Kenny, C. H. Maclaren, J. R. Maclaren, J. T. Black, J. A. Bryant, J. N. Copping, C. R. Morrison.

Four Years Earnings*—

Year	Earnings $	Dividends $	Surplus $
1931	†746,274	175,000	608,724
1933	866,686	......	504,885
1934	1,190,328	......	596,147
1935	1,240,899	......	599,496

†For period ended Nov. 30, 1931, being a full year's operation of James Maclaren and 11 months' operation of Maclaren-Quebec Power Co.
*Maclaren Power & Paper Co. (including its subsidiaries, James Maclaren Co. and Maclaren-Quebec Power Co.

Times Interest† Earned—

	1935	1934	1933
Before depr. & depl.	1.26	1.20	1.24
After depr. & depl..	1.00	1.00	0.99

†Less amount charged to capital construction.

JAMES MACLAREN CO.

(Controlled by Maclaren Power & Paper Co.)

Capital stock—Common only; all owned by Maclaren Power and Paper Co. No funded debt.

Bathurst

Change in Control Takes Place—Earnings Higher Than for Years Past

Control of Bathurst Power and Paper Co. has passed from the Newsprint Bond and Share Co. to Nesbitt, Thomson & Co. and associates.

Back in 1928 Bathurst was financed publicly and the announced intention was to carry out greater exploitation of the company's rich timber resources. This was at a time when the rest of the newsprint industry was greatly concerned with the problem of overexpansion. In order to control the installation of new newsprint machines, 6 newsprint operators formed the Newsprint Bond and Share Co. for the purpose of acquiring control of Bathurst. Over $4 millions was paid for the controlling stock interest.

In 1931 it was decided to diversify production, and one of the 2 newsprint machines was converted for the manufacture of kraft liner board. This move proved successful and earlier this year capacity of the kraft machine was increased from 30,000 to 50,000 tons and an idle cylinder machine was reconditioned for the manufacture of folding box board.

The original purpose for which the Newsprint Bond and Share was formed, namely, to control expansion of Bathurst's newsprint operations, no longer existed, and in May last, share control passed to Nesbitt, Thomson & Co. and associates.

Earnings Move Ahead

Since conversion of one of the newsprint machines for the manufacture of kraft liner in 1931, earnings of the company have shown a steady increase. An operating deficit of $49,930 in 1933 was converted into a profit of $36,626 in 1934. Last year the company showed an operating profit of $225,249 and an income from investments of $104,728. After providing for depreciation and income tax reserve, net income totalled $94,533, or equivalent to about 23 cents a share on the outstanding Class A stock.

The company reports that for the first 6 months of 1936 sales of kraft liner board increased 25% in volume over the corresponding period of 1935.

Capitalization—	Authorized	Outstanding
Class A Com. ..	750,000 shs.	400,000 shs.
Class B Com. ..	500,000 shs.	300,000 shs.
No par value.		

Funded Debt—
None.

Dividend Record—
Class A Common—Entitled to $2 per annum. Initial dividend of 25c per share paid March, 1929; none since.
Class B—None paid.

Head Office—Bathurst, N.B.

Officers and Directors—
Officers—A. J. Nesbitt, pres.; P. A. Thomson, vice-pres.; G. T. Shipman, vice-pres. and gen. mgr.; H. J. Webb, vice-pres. and treas.
Directors—A. J. Nesbitt, P. A. Thomson, H. J. Webb, J. B. Woodyatt, F. J. Campbell, all of Montreal; H. P. Robinson, Saint John; R. G. Ivey, G. T. Shipman, London, Ont.

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	281,550	100,000	103,297
1930	132,954	......	181,001
1931	*86,461	......	*40,861
1932	*158,225	......	*202,474
1933	*49,930	......	*245,933
1934	36,627	......	*72,044
1935	239,390	......	22,489

*Loss or deficit.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Class A	17¾	10½	14	4½	8½	3
Class B	5⅜	3	4¼	1	3½	¾

*To September 16.

Rolland Paper

Control Placed in Voting Trust — Dividends Are Started on Common Stock

Rolland Paper Co. reports a further increase in sales during the first half of 1936 as compared with the corresponding period of 1935. On the basis of the continued improvement in earnings, the company placed the common stock on a dividend-paying basis of 25 cents a share.

Last year the company showed a surplus after deduction of all charges, including preferred dividends, of $47,113. This was equivalent to 78 cents a share on the common as against 38 cents in 1934.

The earned surplus built up since 1928 was equivalent to $6.52 a share on the common stock outstanding at the end of last June.

Control Placed in Trust

An important development in connection with the company's affairs took place last August when a large block of common stock was offered to the public in the form of voting trust certificates at $21 a share. This stock represented voting control of the company and it has been placed for a period of 5 years in the hands of 3 voting trustees, Jean Rolland, Jean Paul Rolland and W. C. Pitfield. There will be no change in management.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	60,001 shs.
Preferred cum...	$2,500,000	$1,500,000
Par $100.		

Funded Debt—
1st mtge. S. F. bonds, series A, 5½%, due 1948, outstanding $2,181,000.

Dividend Record—
Preferred—6% per annum, payable 1st March, June, Sept. and Dec. Initial dividend paid Sept. 1, 1928, and regularly since.
Common—An initial dividend of 25c. paid Aug. 10, 1936.

Officers and Directors—
Officers—Jean Rolland, pres.; J. Pierre Rolland, vice-pres.; Olivier Rolland, gen. mgr.; J. A. Forget, sec.-treas.
Directors—Jean Rolland, J. Pierre Rolland, W. C. Pitfield, Francis Saint-Pierre, I. W. Killam, H. J. Symington and A. G. MacKinnon, Montreal; Olivier Rolland, Mt. Roland, P.Q.; Donald Fraser, Plaster Rock, N.B.

Times Bond Interest Earned—

	1935	1934	1933
Before deprec. ...	3.09	2.80	2.41
After deprec.	2.28	2.01	1.68

Earnings per Share and Dividend Record—

	1935	1934	1933
Pref.: Earned	$8.96	$7.27	$6.15
Paid	6.00	6.00	6.00
Common: Earned	0.74	0.32	0.04
None paid.			

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	‡440,480	90,000	§211,176
1930	†379,358	90,000	281,034
1931	†346,876	90,000	312,204
1932	†323,764	90,000	313,187
1933	†333,871	90,000	315,445
1934	352,941	90,000	332,319
1935	381,769	90,000	371,559

†After operating expenses, federal and general taxes and provision for bad and doubtful debts.
‡After operating expenses but before income tax.
§Before deduction of income tax.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Pref.	104	95½	96	83	90	80

*To Sept. 16.

Corrugated Box

Results Slightly Better Than in 1935—Redeem Funding Rights

Corrugated Paper Box Co., Leaside, Ont., has had slightly better results this year than in 1935 when earnings amounted to $8.92 a share on the 7% preferred stock compared with $7.62 a share in 1934. Regular quarterly dividends are being maintained on the preferred.

Preferred dividends were not paid from 1931 to 1934 inclusive so that arrears of $33.25 a share were accumulated. As of Feb. 3, 1936, these arrears were funded by issue of a certificate for that amount for each share outstanding. Thus 7,835 income funding rights were issued.

As at June 22, 1936, the outstanding preferred shares had been reduced to 7,332, and funding rights to 5,558. This reduction of rights is in anticipation of sinking fund. In effect, shareholders who sell their certificates below $33.25 accept payment of their dividend arrears at a discount.

The company manufactures corrugated paper and fibreboard shipping containers at its Leaside plant which has 112,000 ft. of floor space. It owns a plant with 53,000 ft. of floor space at Winnipeg through its subsidiary, Hilton Bros. Ltd.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	*47,000 shs.
Pref. cum. red. ..	$1,500,000	$783,500
Par $100.		

*Including 1,242 shares unpaid.

Funded debt—
None.

Dividend Record—
Preferred—Entitled to 7% per annum, payable quarterly, Mar., June, Sept. and Dec. 1. Initial dividend of 1¾% paid Sept., 1928, and regularly up to and including June 1, 1930; none paid to June, 1935, when payments of $1.75 quarterly were resumed and regularly since. Accumulated arrears of $33.25 settled in 1936 by issuance of funding rights.
Common: none paid and no common dividend may be paid while any rights are outstanding.

Head Office—Leaside, Ont.

Officers and Directors—
Officers — A. T. Whealy, pres. gen. mgr. and treas.; J. A. Gairdner, vice-pres.; J. A. Whealy, vice-pres., sales mgr. and sec.; H. Hilton, Winnipeg mgr.
Directors — *J. A. Gairdner, J. A. Whealy, A. T. Whealy, *W. A. Woodcock, William Lawrence, Toronto; Henry Hilton, W. J. Hilton, Winnipeg.

*Representing preference shareholders.

Earnings per Share and Dividend Record—

	1935	1934	1933
Pref.: Earned	$8.92	$7.62	$1.96
Paid	5.25	nil	nil
Common: Earned	*0.32	0.10	nil
None paid.			

*After deducting full year's preference dividends, but before taking arrears into consideration.

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	159,596	55,055	162,638
1930	131,191	29,067	196,445
1931	†25,815	......	107,034
1932	26,265	......	95,661
1933	59,942	......	110,129
1934	113,875	......	146,236
1935	130,028	41,134	178,989

†Loss.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Pref. ..	90	78	90	30	41½	23

*To September 16.

TRADE PAPER
Advertising
FILLS IN THE GAPS

OF COURSE nothing takes the place of personal contact. But between one call and the next there's a vulnerable gap that can mean business gained or lost.

Aggressive merchandisers find that trade paper advertising fills in the gaps and paves the way for the salesman's next call. Their message each month in trade paper pages doesn't give customers and prospects a chance to forget. Progressive merchants are ardent trade paper readers.

Most trade papers you read—most magazines too—are printed on Provincial Paper. For over twenty-five years publishers have found it the economical and most practical basis of fine printing.

TRADE PAPER ADVERTISING— *a tremendous sales force at nominal cost*

PROVINCIAL PAPER LIMITED TORONTO CANADA
Branch Sales Office MONTREAL

Ontario Paper Co.

Plans a $6 Millions Project at Manicouagan, Quebec

Ontario Paper Co., controlled by the Chicago Tribune and by the New York Daily News, has a $6 millions project for a modern 320-ton newsprint mill at Manicouagan, 200 miles east of Quebec on the north shore of the St. Lawrence River. Back in 1932 the company started a development programme on Outardes River in Quebec Province and a power plant of 40,000 horsepower capacity was established. It is proposed to use this power for a new mill at English Bay about 25 miles from the power plant site.

The company's Thorold newsprint plant has been one of the few Canadian plants to maintain operations at capacity in late years. It has been due primarily to the company's connection with the Chicago Tribune which absorbed the greater part of the company's output which amounted to nearly 100,000 tons of newsprint annually.

Production has been maintained at a stable rate from month to month.

The new mill to be erected at Manicouagan will have a daily capacity of 320 tons and will be ready by May, 1938. So far the company has manufactured pulp and paper at its plant in Thorold while woods operations were centred in Quebec.

It is understood the company has been filling orders for double its present production and obtaining the surplus from other plants. When the new plant is constructed it will get all its own material from its own plant.

The company had to hasten the building of the steam plant in the early months of this year at Thorold to make up for the loss of cheap surplus power from Ontario Hydro.

PRICE BROTHERS & COMPANY, LIMITED

A company whose wood supply, hydro-power resources, and operating management render it capable of timber, pulpwood, and newsprint production in competition with the world.

●

HEAD OFFICE — QUEBEC, P. Q.

Mills at
Riverbend ⁝ Kenogami ⁝ Jonquiere

Fraser Cos.

Additional Stock Issued to Provide Funds for Cleaning Up Interest Arrears — Position Has Strengthened

Fraser Companies has joined the select list of Canadian pulp and paper companies which are paying interest on bonded debt. Business of the company has reached a point where the management feel confident that funded debt obligations can be uninterruptedly maintained.

Business handled by Fraser Companies and its subsidiary, Restigouche, was greater in 1935 than obtained during the previous year, but the lumber business continued somewhat lower in volume than during the past 3 years. As mentioned elsewhere the Restigouche pulp mill has been operating at capacity for some time, with a well developed earning power.

Better Earning Power

Fraser does not manufacture newsprint, but derives its income principally from sale of lumber, fine paper and sulphite pulp for the manufacture of artificial silk. It has experienced large increases in revenue since the reorganization in 1932. Consolidated net earnings increased to $1.8 million for 1935 from $1.5 million in 1934. Net loss after interest and other charges was $84,288 compared with $371,842 for 1934, substantially lower than the losses for many years since 1928.

An improvement in working capital of nearly $1.4 million was achieved last year due in part to the postponement of $624,644 of interest charges which were accrued as a deferred liability.

While there has been a marked improvement in the finances of the company it was deemed advisable to conserve resources and to that end a second reorganization plan was submitted last April whereby all obligations would be liquidated through the issuance of additional stock in full settlement of deferred interest and interest on interest.

The plan provided for the issuance of 186,856 shares which were offered to present holders of the common stock and voting trust certificates in the ratio of 1⅛ share at $12 for each share held. Cash proceeds were distributed to the bank and bondholders in the ratio of their holdings. The plan provided that if only part of the stock was sold, such cash received from the balance of the shares would be distributed pro rata.

Capitalization—(After Reorganization)

	Authorized	Outstanding
Com., n.p.v.	500,000 shs.	355,016 shs.

Funded Debt—
First mtge. 6% bonds, Series of 1936, due 1950, outstanding $10,610,500, of which $2,772,000 have been issued as security for special loan.

Dividend Record—
None paid on new shares. 25c. paid quarterly Apr. 1, 1928, to Oct., 1929, on old stock; none thereafter. Payment on new stock restricted.

Head Office—Plaster Rock, N.B.
and sec.; W. Matheson, vice-pres. i/c

Restigouche

Operations at the Restigouche Co.'s pulp mill in 1935 were at capacity, but as the average market value of pulp was lower than in 1934, financial returns did not show any material change. After providing for bank and bond interest, as well as $281,000 for depreciation and depletion, there was a book deficit for the year of only $1,261 as compared with a profit, after similar charges, of $1,011 during 1934.

Current reports are that operations have continued at a satisfactory rate, though it is still too early to determine what effect the strike at the Courtaulds plant has had upon sales. Restigouche supplies a substantial proportion of the sulphite pulp which is required by Courtaulds and the stoppage of manufacturing undoubtedly has had its effect upon Restigouche. However, the company is not dependent upon Courtaulds for its market.

Officers—K. S. Maclachlan, pres. and gen. mgr.; Donald Fraser, vice-pres.; T. A. Hendry, vice-pres. i/c sales; L. M. Sherwood, vice-pres. i/c finance, treas.

properties, Edmundston, N.B.; A. W. Brebner, vice-pres. i/c subsidiaries, Campbellton, N.B.; H. H. Henderson, asst. treas.; H. C. Noseworthy, asst. sec.

Directors—K. S. Maclachlan, Harold Crabtree, A. H. Campbell, A. M. Irvine, H. P. Thornhill, Montreal; Donald Fraser, Plaster Rock, N.B.; S. F. Duncan, E. G. Long, Toronto; Fred C. Beatteay, Saint John, N.B.; R. B. Hanson, Fredericton; A. W. Brebner, Campbellton.

Executive Committee—Harold Crabtree, chm.; A. M. Irvin and K. S. Maclachlan.

Voting Trustees—J. A. Ewing, I. W. Killam, Montreal; John Appleton, Toronto; H. P. Robinson, Saint John, N.B.

Times Bond Interest Earned:*

	1935	1934	1933
Restigouche Co. 6% mtge. bonds:			
Before deprec. ...	4.73	3.90	2.43
After deprec.	2.47	1.58	0.72
Fraser Cos. 6% bds.:			
Before deprec. ...	2.18	1.69	0.84
After deprec.	0.85	0.34	nil

*Including accrued interest on deferred bond interest. Calculated after bank interest deducted.

Seven Years Earnings—

Year	‡*Earnings $	Dividends $	Surplus $
1929	1,419,961	301,048	937,901
1930	278,289	......	†3,281,570
1931	1,382,341	......	†5,467,374
1932	111,477	......	♦
1933	1,115,541	......	†615,449
1934	1,576,227	......	†987,291
1935	1,827,623	......	†999,651

*Consolidated.
†Deficit.
‡After operating expenses, provision for bad debts, taxes, etc.; directors' fees, executive officers' salaries, etc., in 1935, included in operating expenses.
♦Operating deficit for 1932 eliminated by reorganization. Surplus arising as result of reorganization amounted to $2,500,000 after deducting loss for 1932.

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
V. T. Cert.	19	8	8½	1¾	9	2
Common	19⅛	9	8½	2½	12½	3

*To September 16.

Fraser Paper
(Owned by Fraser Companies)

Funded Debt—
The company is authorized to issue $4,000,000 of 6% first mortgage bonds, of which $2,500,000 have been issued and are pledged as security for parent company's bonds. An issue of $7,500,000, 6% general mortgage bonds is also pledged as security for parent company's bonds.

Restigouche Company
(Owned by Fraser Companies)

Capitalization—

	Authorized	Outstanding
Com., n.p.v.	250,000 shs.	250,000 shs.

All owned by the parent company.

Funded Debt—
Prior lien bonds, 6% due 1942, authorized $500,000; none issued.
Mortgage S. F. bonds, 6% due 1948. Authorized and issued, $4,846,000; redeemed and cancelled $120,000, leaving $4,726,000 outstanding at Dec. 31, 1935; to which is added deferred interest from Feb. 1, 1932, to Dec. 31, 1935, $567,120, plus accrued interest on deferred interest, $95,869, making a total of $5,388,989 outstanding as at Dec. 31, 1395.
Interest payments for two years, from Feb. 1, 1932, to Feb. 1, 1934, have been suspended, being payable in 5 equal installments commencing Aug. 1, 1937; interest payments resumed Aug. 1, 1934, covering interest accrued during February, 1934, and subsequent months; interest due Feb. 1, 1935, paid; if interest for third and fourth years had been suspended interest was payable in 5 annual installments commencing Aug. 1, 1939 or Aug. 1, 1940, respectively, bondholders having right before Oct. 1, 1934 or 1935 respectively, to accept common stock of Fraser Companies in lieu of one year's interest on the basis of 5 shares for each $1,000 of bonds held; interest on all overdue interest payable at 6% per annum. Company has right to anticipate payment of whole or any part of suspended or deferred interest at any time upon 30 days notice.

Head Office—Athol, N.B.

Officers and Directors—

Officers—K. S. Maclachlan, pres.; A. W. Brebner, vice-pres. and gen. mgr.; T. A. Hendry, vice-pres. i/c sales; L. M. Sherwood, sec. and treas.; H. H. Henderson, asst. treas.; H. C. Noseworthy, asst. sec.

Directors — K. S. Maclachlan, Harold Crabtree, A. H. Campbell, A. M. Irvine, H. P. Thornhill, Montreal; Donald Fraser, Plaster Rock, N.B.; A. W. Brebner, Campbellton, N.B.; S. F. Duncan, E. G. Long, Toronto; F. C. Beatteay, Saint John, N.B.; R. B. Hanson, Fredericton, N.B.

Times Bond Interest Earned:†

	1935	1934	1933
Before depr. & depl.	1.86	1.92	1.03
After depr. & depl.	1.00	1.00	0.64

†Including accrued interest on deferred interest. Calculated after bank interest deducted.

Five Years Earnings—

Year	*Earnings $	Dividends $	Deficit $
1931	104,482	......	2,015,417
1932	138,270	......	2,933,122
1933	359,508	......	3,044,566
1934	637,256	......	2,735,328
1935	612,835	......	2,721,045

*After expenses, taxes, provision for bad debts and directors' remuneration and officers' salaries, etc., in 1935.

M. & O. Paper Co.

Investment Fortunes of 8% Bonds Depend Largely Upon Price of Newsprint and Lumber Products

Minnesota & Ontario Paper Co. has increased its volume of sales substantially this year, following gains in 1933 and 1934. Prices obtained for the various products, particularly newsprint, have not been sufficient, however, to allow earnings adequate to cover depreciation and depletion.

The significant feature of operations is that the rate of sales this year has been running more than 50% above 1933, while total expenses have been running less than 40% of the 1933 level. Consequently an operating loss in 1933 has been turned into a small operating income.

Under U.S. federal bankruptcy laws, the company is operated by 3 trustees, C. T. Jaffray and S. M. Archer, Minneapolis, and R. H. M. Robinson, New York. There is also a bondholders' committee of which the secretary is H. R. Mosser, Chicago. So far there has been little progress toward reorganization largely because of the continued low price for newsprint which does not enable the receivership to show earnings on the bonds despite increased volume.

Subsidiary Developments

The company formerly controlled Great Lakes Paper Co. but lost this equity through the bankruptcy and reorganization of the Great Lakes firm. The equity was regarded as of potential value so that this removes a possible source of eventual income from the M. & O. organization.

National Pole & Treating Co., controlled through ownership by M.&O. of the majority of the 60,000 N.P.&T. shares, is not earning the full charges on $1.7 million of 6% notes. Consequently, there is no chance of income on these M.&O. shareholdings unless National Pole income exceeds the note interest. There is some prospect of improvement for National Pole in its recent agreement to supply ties and poles to Great Northern Railway.

Capitalization—

	Authorized	Outstanding
Common	$15,000,000	$10,092,000
Pref. 6% cum. ..	5,000,000	4,036,000

Par $100.

Funded Debt—
1st mtge. S. F. bonds, 6% series A, due serially 1930 to 1945, outstanding $15,400,000; series B due 1948, $4,000,000; series C, due 1950, $5,000,000. Interest on series A and B in default since Apr. 1, 1931; on series C since May 1, 1931.
Six per cent gold notes, due Mar. 1, 1931, issued $3,500,000. Principal and interest due Mar. 1, 1931 and later in default.
Town of Kenora debs. due 1937-1942, outstanding $35,000. Secured by special deposit with trustee.

Dividend Record—
Preferred—None paid since Jan. 2, 1931.
Common—None paid.

Head Office—Minneapolis, Minn.

Bondholders' Protective Committee — F. K. Schrader, chairman; C. S. Garland, F. M. Gordon, W. A. Smart, R. P. Matthiessen, A. D. Cobban, R. S. Waldie, H. D. Thrall, H. R. Mosser, Chicago, sec.; National Trust Co., Toronto, a co-depositary.

Times Interest Earned—

	1935	1934	1933
Before deprec. ...	0.063	0.013	....

Six Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	5,122,818	225,360	39,601,070
1931‡	1,869,236	225,360	36,962,882
1932	†178,726	......	25,924,036
1933	†814,632	......	22,452,872
1934	†25,441	......	18,740,230
1935	107,333	......	12,733,920

‡For 14 months ended Feb. 28, 1931.
†Loss.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Beaupré, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

E. B. Eddy Co.

Operations Continue at Capacity—Spend Money on Plant Improvements

Capacity operations in the newsprint division have been maintained by the E. B. Eddy Co. during the past year. While no official reports have been issued as to operations of the fine paper division, in view of the improvements recorded by Howard Smith Paper Mills, Rolland Paper and other fine paper manufacturers, it is presumed the Eddy Co. also has benefitted.

No financial statements are issued by the Eddy Co., so that it is not possible to appraise earning power. The company has no bonds outstanding and of its capital stock 49% is held by Canadian Hydro-Electric Corp. and the balance, or majority control, by private interests. It is generally understood, however, that earnings have been such as to provide for regular distribution on the company's capital stock.

Carry Out Improvements

Over the last few years, the company has carried out an extensive plan of rehabilitation at the Hull plant. A new water circulation plant has been installed at a cost of several hundred thousand dollars. The sulphite pulp unit has been renovated; the boiler capacity enlarged and the storage and handling facilities rearranged.

Further improvements are in mind and at present the company is seeking a continuation of the present fixed assessment for a further period of 10 years, with a view to proceeding with a programme of plant improvement estimated to cost about $250,000.

The present assessment of the company is $4 millions, with the exception of about $1.2 million under city by-laws. This is to continue until 1940. The company's taxes total about 12% of the total paid in Hull.

Capitalization—

	Outstanding
Capital stock, par $100	$300,000

49% owned by Canadian Hydro-Electric Corp.

Dividend Record—
Dividends have been continuously paid for many years, payments not made public.

Officers—
V. M. Drury, pres.; C. V. Caesar, man. dir.

Dryden Paper

Better Demand for Products Results in Enhanced Earning Power

Dryden Paper Co.'s financial statement for the year ended this month is expected to show not only bond interest fully covered, but a substantial balance available for depreciation and depletion. The low point of Dryden's operations was reached during 1932. Improvement since then has not been spectacular, but the gain in earnings has been steady and continued into the current year.

Dryden is engaged in the manufacture of sulphate pulp which is processed into kraft, manila and building papers. It has a contract with the Bates Valve Bag Co. with plant at Dryden, Ont., to fill all its paper requirements for the manufacture of bags. Another company, the Wayagamack division of Consolidated Paper Corp., has a similar arrangement for Eastern Canada. In addition the company markets directly a large variety of kraft paper products, chiefly in Western Canada. Earnings of the company, therefore, are greatly dependent upon conditions in the Prairie Provinces.

Capitalization—

	Authorized	Outstanding
Common, N.p.v.	150,000 shs.	150,000 shs.

Funded Debt—
1st mtge. S. F. gold bonds, 6%, due 1949, outstanding $1,399,500.

Dividend Record—
None paid.

Head Office—Montreal.

Officers and Directors—

Officers—J. H. A. Acer, pres.; F. A. Sabbaton, vice-pres.; H. Humphreys, treas.; E. S. Pincott, sec.; W. F. Robinson, asst. sec.

Directors—J. H A. Acer, F. A. Sabbaton. G. Chahoon, Jr., P. A. Thomson, Dan McLachlan, J. B. Woodyatt, E. S. Pincott, E. R. Parkins, Montreal.

Times Interest Earned:

	1935	1934	1933
Before deprec. ...	1.08	1.08	0.33
After deprec.	0.96	...	...

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1929	351,823	......	151,704
1930	193,967	......	162,439
1931	95,311	......	167,750
1932	69,379	......	119,492
1933	32,488	......	*30,196
1934	87,632	......	*47,094
1935	93,365	......	*68,536

*Deficit

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Common	7¾	4⅜	5¾	3	7¼	3

*To September 16.

Price Bros. and Co.

Affairs of Price Bros. & Co., which went into bankruptcy over 3 years ago, continue to elicit wide interest, but to date no one group has been successful in effecting a reorganization.

It is estimated that roughly $5 millions are needed to place the company in a sound financial position. Several groups have been and are willing to put up the additional money, but the terms under which the capital would be advanced, have not proved acceptable to all concerned.

The Saguenay Power Co., formerly Duke-Price Power Co., has always been keenly interested in any plan for reorganization of the company. This interest is primarily based on the fact that the company had a contract to sell 100,000 h.p. per annum to Price Bros. When the company went into bankruptcy, the validity of this contract became doubtful, and in order to protect its interests, the Saguenay Power has unsuccessfully sponsored rehabilitation plans and also has successfully blocked plans put forth by other interests.

Pacona Submits Plan

Last February a new development took place in the affairs of Price Bros. Through the agency of Pacona Ltd., Aluminium Ltd. (controlling Saguenay Power) and the New York investment banking firm, Lehman Bros. made an offer of $20 millions for the whole property. Briefly the Pacona plan provided for the liquidation of all liabilities to the bondholders; payment of the Bondholders Protective Committee's expenses; readjustment of the claim of Saguenay Power against the bankrupt company; and approximately $1.7 million for the trustee in bankruptcy for all the property and assets of the company, except as specifically excluded by the terms of the offer.

An opposition plan was proposed but was defeated by Saguenay Power, which as one of the largest unsecured creditors, voted against the plan.

Meanwhile operations of the bankrupt company are on a larger scale than reported in several years. However, much of the additional business has been taken on terms which permit little or no profit. The company needs additional American tonnage, which is more profitable than the export business, a large amount of which is on the company's books.

During 1934 the company produced about 160,000 tons of newsprint. Last year production jumped to 210,000 tons. However, there was no improvement in price and the rising cost of materials and labor more than offset the lower overhead charges resulting from an increased scale of operation.

At the beginning of the current year, the price of newsprint delivered in the American market was increased by $1 a ton which increased net revenue this year. At the same time current production has advanced to a point where the company is producing between 275,000 and 300,000 tons annually, or practically the effective capacity.

In some quarters the belief is that in time, and with a better price for newsprint the company can work out of bankruptcy without the necessity of raising additional capital.

This is possible, but, at the same time, there will have to be a marked improvement in earnings, before even bond interest and depreciation can be covered.

Capitalization—

	Authorized	Outstanding
Common	$50,000,000	$42,683,200
Pref. 6½% cum.	10,000,000	6,284,300

Par $100.

Funded Debt—
1st mtge. 6% bonds, series A, due 1943, outstanding $11,061,600. Interest defaulted Aug. 1, 1932.

Dividend Record—
Preferred—Entitled to 6½% cumulative, payable Jan., Apr., July and Oct. 1; paid regularly from 1926 to Jan., 1932; none since.
Common—None at present; 2% paid regularly from 1921 to Oct. 1, 1931; none since.

Bondholders' Protective Committee—R. H. McMaster, J. A. Eccles, Montreal; Thomas Bradshaw, Toronto; Hon. J. H. Kelly, Quebec; W. E. McGregor, Boston; M. W. Dodge, New York.

Preferred Stockholders' Protective Committee—R. H. Collis, London, Eng.; Col. G. P. Murphy, Ottawa; Col. I. P. Rexford, H. J. Symington, Montreal; A. C. M. Thompson, Quebec City. Office: 244 St. James St. W., Montreal.

Common Stockholders' Protective Committee—E. R. Decary, A. A. Gowan, N. R. Macaulay, Hugh MacKay, W. C. Pitfield, Montreal; Robert Kernon, Quebec.

INCOME ACCOUNT
Years Ended March 31

	1936 $	1935 $	1934 $
Oper. profit..	675,111	681,952	1,007,483
Divds. rec. ..	47,024	51,406	8,888
Misc. inc. ...	12,900	5,129	2,176
Total rev. ...	735,035	738,487	1,018,547
Less: Bk. int.	162,807	137,267	163,190
Misc. int. .	22,906	2,277	6,326
Bad debts prov.	15,000	43,393	....
Net rev.	534,322	555,550	849,031

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Com.	7	2⅝	3⅛	1½	6	95
Pref.	49	22	33⅝	15	37¼	7

*To September 16.

A FINE ART SAYS—
Stop
TO THE FORGER

IT WAS NOT BY ACCIDENT that steel engraving became the accepted method for producing bank notes, postage stamps, bonds, stock certificates and similar "money symbols". The fine art of the master steel engraver has about it a finesse that defies duplication and deceit by felonious fingers. To this protective artistry we add careful printing on exclusively-made Safety Paper. Your monetary documents when so steel engraved by this Company breathe distinction and prestige ... they can never be successfully copied or forged. Our experience of more than a century is at your service.

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EXPERIENCED
Engraving
and Printing of
Bank Notes
Bonds
Debentures
Stock Certificates
Cheques
Drafts
Postage and Revenue Stamps and other Monetary Documents

32

CANADIAN BANK NOTE COMPANY
Limited
HEAD OFFICE and WORKS
OTTAWA
BRANCH OFFICES
TORONTO
MONTREAL

Howard Smith Paper

Preferred Stock Liability Cleaned Up — Underlying Bonds Called — Way Cleared for Major Refunding Operation

Numerous and important developments have taken place in connection with affairs of Howard Smith Paper Mills, which have not only strengthened the financial position but have paved the way for a resumption of dividends on the preferred stock.

Improvement in business conditions throughout the country has brought an increased demand for the fine paper products manufactured by the company. As a result net revenues have advanced to a point where not only bond interest and depreciation is being covered, but there remains a substantial balance available on the capital stock.

Liquidate Dividend Arrears

Last January Harold Crabtree, president, notified the preferred shareholders of a proposal by which the cumulative unpaid dividends, amounting to $30.50 a share on March 31, would be liquidated. This plan, which received approval of the shareholders, provided that for each share of preferred stock, the holder would receive $2 in cash and ⅛ of a fully paid preference share and one fully paid common share of the capital stock.

Simplify Funded Debt

Steps were taken also to simplify and consolidate the funded debt structure. At the beginning of February last, Lincoln Pulp and Paper Co., a subsidiary, redeemed all of its outstanding 7½% bonds. On the same date a similar operation was carried out by another subsidiary, Georgetown Coated Paper Mills. On April 1 Ritchie and Ramsay Ltd., subsidiary of Alliance Paper Mills which in turn is controlled by Howard Smith, redeemed all of its outstanding 7% first mortgage bonds.

No public financing was involved in the carrying out of these reductions.

Canada Paper Deal

In line with this general scheme of simplifying the capital structure of the parent company and its subsidiaries, Howard Smith Paper Mills and Harold Crabtree jointly secured control of all of the outstanding 7% preferred stock of Canada Paper Co., another subsidiary.

Capitalization—

	Authorized	Outstanding
Com., n.p.v.	300,000 shs.	220,000 shs.
Pref. cum. red.	$7,500,000	$4,500,000

Par $100.

Funded Debt—
1st mtge. S. F. gold bonds or debentures, 5½%, due 1953, outstanding, series A, $6,559,000.

Dividend Record—
Preferred — Entitled to 6% per annum, payable quarterly, Mar., June, Sept. and Dec. 1. Cumulative from June 1, 1928. Initial payment made on Sept. 1, 1928, and regularly up to and including March 1, 1931. Arrears of $28.50 per share at Dec. 1, 1935, settled by payment of one-eighth share of preferred, one share of common and $2 in cash paid Apr. 10, 1936. $1.50 paid July 15, 1936.
Common—None paid.

Head Office—Cornwall, Ont.

Officers and Directors—

Officers—Harold Crabtree, pres.; E. H. Smith, vice-pres.; George Pauline, vice-pres.; E. K. Robinson, vice-pres.; K. G. Pendock, sec. and treas.; M. G. Peterkin, asst. sec. and asst. treas.

Directors — Harold Crabtree, E. H. Smith, Sir Herbert S. Holt, E. R. Decary, J. W. Pyke, Howard Murray, George Chahoon, Jr., G. M. McKee, W. D. Robb, W. H. Howard, W. A. Arbuckle, J. D. Johnson, Montreal; J. H. Gundy, C. L. Burton, Toronto.

Times Interest Earned:

	1935	1934	1933
Before depr. & depl.	†3.79	†3.54	2.90
After depr. & depl.	†2.09	†1.83	1.58

†After mortgage interest.

Earnings per Share and Divd. Record—

	1935	1934	1933
Pref.: Earned†	$10.04	$7.32	$4.04
Paid	nil	nil	nil
Com.: Earned▲	0.83	0.27	nil

None paid.

†After deduction of subsidiary preferred and common dividends.
▲After allowing for full year's preferred dividend requirements and after subsidiary dividends.

Six Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	1,231,760	382,564	1,294,233
1931	1,101,716	55,104	1,044,728
1932	1,231,598	5,604	1,237,881
1933	1,674,735	5,604	1,410,642
1934	1,835,896	4,854	1,709,562
1935	1,885,052	896	2,156,651

Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Com.	14⅞	9¼	13	9	11	4
Pref.	119	88	115	84	88	33

* To September 16.

Alliance Paper Mills
(Controlled by Howard Smith Paper Mills)

Capitalization—

	Authorized	Outstanding
Com., n.p.v.	200,000 shs.	100,000 shs.
Pref., par $100	$3,000,000	$1,003,500

99.2% of the common stock is held by the Howard Smith Paper Mills.

Funded Debt—
None.

Dividend Record—
Preferred—Entitled to 6% per annum payable quarterly. Dividends paid regularly up to and including Jan. 15, 1931. None paid since.
Common—None paid.

Head Office—Merritton, Ont.

Officers and Directors—

Officers—Harold Crabtree, pres.; Geo. W. Pauline, vice-pres. and man. dir.; L. E. Fleck, vice-pres. and asst. man. dir.; J. H. Leslie, sec.-treas.

Directors — Harold Crabtree, E. H. Smith, Montreal; Geo. W. Pauline, A. D. Cobban, H. F. E. Kent, J. H. Gundy, Toronto; L. E. Fleck, Georgetown; J. R. Leslie, St. Catharines.

Canada Paper

Though sales of Canada Paper Co. showed only a small increase last year, net profits of $83,025 were $61,632 greater than in 1934. The balance sheet shows that loans from Howard Smith Paper Mills increased by $249,626. Offsetting this Canada Paper's bonded indebtedness was reduced by $148,000 and $99,500 of bonds were purchased against future sinking fund requirements. In addition net working capital recorded an increase of $80,730.

Canada Paper
(Controlled by Howard Smith Paper Mills)

Capitalization—

	Authorized	Outstanding
Com.,* par $5 ..	$100,000	$100,000
Pref., cum. ..	3,000,000	1,250,000

Par. $100.

25% owned by Harold Crabtree and the balance by Howard Smith Paper Mills.

Funded Debt—
First mortgage S. F. bonds series A, 6%, due 1945, outstanding $1,210,500.

Dividend Record—
Preferred—Entitled to 7% per annum, cumulative, payable Mar., June, Sept. and Dec. 1. Paid regularly to and including Dec. 1, 1930; none since.
Common—None paid.

Head Office—Montreal.

Officers and Directors—

Officers—Harold Crabtree, pres.; E. K. Robinson, vice-pres.; E. H. Smith, vice-pres.; K. G. Pendock, sec.-treas.; M. G. Peterkin, asst. sec.-treas.

Directors — Harold Crabtree, E. K. Robinson, E. H. Smith, G. H. Tomlinson, F. J. Campbell, W. A. Arbuckle, Montreal; F. A. Sabbaton, Grand 'Mère, P.Q.; J. H. Gundy, Toronto.

Times Interest* Earned—

	1935	1934	1933
Before depr. & depl.	4.67	3.33	2.21
After depr. & depl.	2.34	1.31	1.04

* And U. S. exchange on bond interest.

Earnings per Share—

	1935	1934	1933
Pref.: Earned	$6.64	$1.53	nil

None paid.

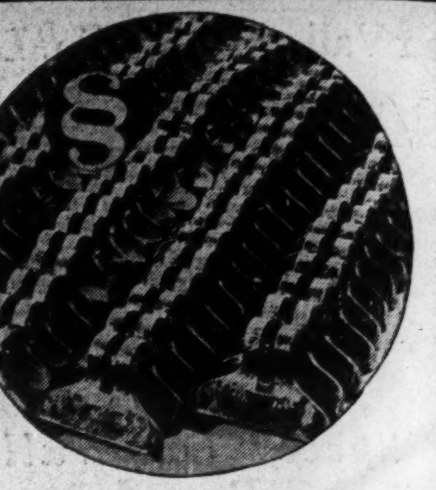
Market Record—

	*1936 H	*1936 L	1935 H	1935 L	1934 H	1934 L
Pref.	118	105	85	60	55	50

*To Sept. 16.

More Woodpulp Produced

Woodpulp produced in Canada last year totalled over 3.8 million cords. This was an increase of about 250,000 cords over the previous year, reflecting increased manufacture of newsprint and fine papers.



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BLADES, HAMMERS,
GAP WHEEL TEETH
TRACTOR, SLEIGH AND OTHER WEARING PARTS
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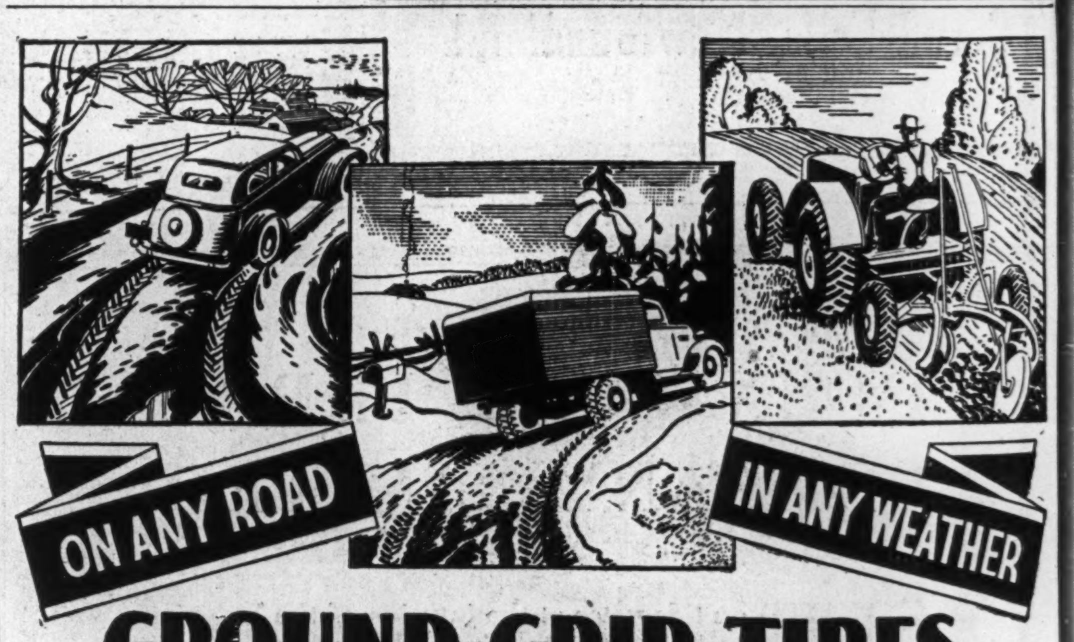

GROUND GRIP TIRES
take you through

Autumn rains will soon turn unimproved rural roads into seas of mud. Equip with Firestone Ground Grip tires and be sure of getting through.

Ground Grips are the greatest tires ever built for traction. The patented self-cleaning, super-traction tread makes its own road through mud, snow, sand and gravel. Thousands of doctors, salesmen, farmers and truck operators who travel over all kinds of roads in all types of weather enthusiastically report Ground Grip tires their greatest driving aid.

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NOT 1¢ MORE
Firestone
Proved AS THE GREATEST TRACTION TIRE FOR SNOW AND UNIMPROVED ROADS

Firestone
GROUND GRIP TIRES
FOR CARS, TRUCKS AND TRACTORS

STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded on stock exchanges, bid and asked prices are given as a guide to current levels. For unlisted stocks, in which transactions are not officially recorded, bid and asked quotations by unlisted dealers are published elsewhere on this page. While The Financial Post endeavors to obtain the most accurate prices for unlisted stocks it cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 21

Range 1936 High	Low	Div R'te $	Sep19 Y'ld %		Sales	Last Sept. 14	Week end. Sept. 21 H	L	Cl'se
				A					
1.50	1.25	.	...	Abitibi	14864	1.95	2.12	1.90	1.90
13¼	6¼	.	...	Do. pref. 6%	2503	10¼	13¼	10¼	13¼
14	6¼	.	...	Do. cert. dep.	86	10¼	10¼	10¼	10¼
4¼	4¼	.	...	Acadia Sugar	....	(4¼ Apr. 24)			
21	14¼	50c	2.5	Acme Glove	25	20	20	20	20
100	95	6.50	7	Do. pref.	....	(— bid 97 asked)			
10	7¼	40+20c.	...	Agnew Surp.	110	9	9	9	9
107	100	7	6.6	Do. pref.	5	107	106	106	106
6	2	.	...	Alta. Pac. Gr.	....	(2¼ bid 3 asked)			
29	19	.	...	Do. pref.	30	21	22	19	22
3	2	.	...	Amal. Electric	....	(2¼ bid — asked)			
23	14	.	...	Do. pref.	10	20	15	15	15
40¼	29¾	15c	...	Amer. Cyn. B.	....	(— bid 37¾ asked)			
55	51¾	3.50	6.6	Ang. C. Tel. pf.	....	(54 bid — asked)			
65	17¼	.	...	Asbestos v. t.	2657	58	65	57	63¼
15	9¼	60c	6	Assoc. Brew.	55	10	10	9¾	9¾
110	103	7	6.4	Do. pref.	150	109¾	110	110	110
8¼	8¼	.	...	Assoc. T. & T.	....	(7¼ bid — asked)			
51¼	34	.	...	Do. pref.	25	50¼	50¼	50¼	50¼
106	105¼	7	6.6	Atlan. Sug., pf.	....	(105 bid — asked)			
				B					
58¼	51¼	2.25	3.9	Bank of Canada	202	57¼	58	57	57¼
141¼	133	8	5.7	Bk. Can. Nat.	139	141	141	139	139
214	182¼	8	4	Bk. Montreal	105	200	200	199¼	200
300	271	12	4.3	Bk. N. Scotia	84	280	284	280	284
235	220	10	4.3	Bk. Toronto	123	224	230	226	227
13¼	6¼	75c	...	Barcelona	....	(5 bid 7¾ asked)			
17¾	10¼	.	...	Bathurst Pr.	2023	12¼	13¼	12	13¼
5¾	3	.	...	Do. (B)	625	4	4¼	3¼	4
4	1	.	...	Bawlf Grain	50	1¼	1	1	1
38	20	.	...	Do. pref.	5	20	20	20	20
5	2¼	.	...	Beath & Sons	....	(2¼ bid 5 asked)			
15	9¼	.	...	Beatty Bros. A.	200	10	10¾	10	10
107	96	6	5.7	Do. pref.	25	107	107	105	107
3¾	1¾	.	...	Beauharnois	465	2¾	2¾	2¼	2¾
110	100	4	4	Belding Cort.	....	(99 bid — asked)			
145	130	7	5	Do. pref.	5	145	140	140	140
151	140	6	4	Bell Telephone	1132	150¼	151	150	150
47	30	2.25	...	Biltmore Hats	145	40	47	39	47
110	110	7	6.4	Do. pref.	....	(110 May 5)			
5	3¼	.	...	Bissell, T. E.	....	(— bid 4 asked)			
50	33	.	...	Do. pref.	5	33	35	35	35
5	2¼	.	...	Blue Ribbon	....	(3¾ bid 4¼ asked)			
33	27	2	6.7	Do. pref.	....	(29¼ bid — asked)			
28	26	32½c	...	Brant. Cord., pf.	65	27	28	27	28
15¼	9¼	30c	...	Brazilian Tr.	13653	12¾	13	12¼	12¾
1.45	.80	.	...	Brew. & Distil.	6790	.85	1.00	.85	.90
4¼	1¾	.	...	Brewing Corp.	1430	1¾	2	1¾	2
18¼	10¾	1.50	12.5	Do. pref.	733	12	12¼	11¾	12
9	5	30c	6	Bright, T. G.	....	(— bid 8 asked)			
82	80	6	7.5	Do. pref.	....	(80 bid — asked)			
27¾	16¼	80c	3.4	Brit. Amer. Oil	7823	23¾	24	23	23¾
13	8	.	...	B. C. Packers	110	10¼	11	10¼	11
32¾	28¼	1.50	4.8	B. C. Power (A)	721	31	31¾	30¼	31¾
5¾	3¼	.	...	Do. (B)	225	4¼	4	4	4

Range 1936 High	Low	Div R'te $	Sep19 Y'ld %		Sales	Last Sept. 14	Week end. Sept. 21 H	L	Cl'se
				H					
31	25¼	2	6.4	Ham. Cot., pf.	10	31	31	31	31
2	¾	.	...	Ham. U. Theat.	100	1¼	1¼	1¼	1¼
56¼	50	4	...	Do. pref.	40	56	56¼	56¼	56¼
4	2¾	5c.	...	Harding Carpet	515	3¾	3¾	3¼	3¾
9	1¼	.	...	Hillcrest Coll.	....	(2¼ bid 10 asked)			
16	7	.	...	Do. pref.	....	(— bid 25 asked)			
18	12	50c	2.8	Hinde & Dauch	1330	17¾	18	17¼	17¾
7	6	.	...	Holt Renfrew	....	(4 bid — asked)			
40	30	.	...	Do. pref.	....	(40 bid — asked)			
.70	.40	.	...	Honey Dew	....	(.45 bid .90 asked)			
12	7	.	...	Do. pref.	20	10¼	12	11¼	12
14¾	9¼	.	...	H. Smith Pap.	750	12	12	11¾	12
119	88	1.50	...	Do. pref.	2852	95	99¼	95	99¼
35	29	2	6.2	Humberstone S.	120	32	32¼	32	32¼
14	4¼	.	...	Hunts (A)	42	11¼	10	9	9
14	6	.	...	Do. B	....	(9 bid 14 asked)			
90	70	5	6.3	Huron & E. Mt.	20	79	79	79	79
12¾	8¼	.	...	Do. 20% pd.	....	(9¼ bid 10 asked)			
10¼	6¼	.	...	Hydro Electric	300	7¼	7	7	7
				I					
221	197¾	10	4.9	Imperial Bank	238	207	208	204	206
24¼	20¼	50+75c	6.1	Imperial Oil	19577	20¾	20¾	20¼	20¼
14¼	13¼	52½c	3.7	Imperial Tob.	2861	14¼	14	13¾	14
7¾	7	6%	...	Do. pref.	....	(7¾ bid — asked)			
33	19	1	...	Inter. City Bak.	50	33	32	32	32
48	40	4.50	...	Inter'c Coal	15	48	45	45	45
115	115	8	6.9	Do. pref.	....	(120 bid — asked)			
20	20	1c	...	Int. Coal & C.	....	(10 bid — asked)			
b5¾	2¾	.	...	Int. Hyd. E. A.	9600	3¼	4	3¾	3¼
10	4	.	...	Int. Metal Ind.	480	9	9	8¼	8¼
72	30	.	...	Do. pref.	109	70	67	65¼	65¼
105¾	101	5	4.8	Inter. Mill., pf.	5	102¾	103¼	103¼	103¼
62¾	43¼	1.40	2.2	Inter. Nickel	75175	56¼	62¾	56¾	61¼
6	2¼	.	...	Inter. Paints	20	3	3	3	3
29¼	14¾	1.12½▲	..	Do. pref.	....	(— bid 15¼ asked)			
b7¾	3¾	.	...	Int. Pa. & P. A.	20800	5¼	[illegible]	5¼	7
b4	2¼	.	...	Do. (B)	3600	3	3¾	2¾	3¼
b3¼	1¾	.	...	Do. (C)	12700	2	2¼	1¾	2¾
b49¾	20¼	.	...	Do. pref.	91302	40¾	49¾	40¼	48¾
39¾	33	1.50+1	7.2	Inter. Pete.	7973	34¾	35	34¾	34¾
6	3	.	...	Inter. Power	48	5	3¾	3	3¾
95	57	6	6.3	Do. pref.	170	95	95	94¼	94¼
15¼	13	.	...	Int. St. Rly. A.	....	(— bid 13 asked)			
14¼	3¾	.	...	Int. Util. (A)	255	10	9¼	9	9
2.25	.40	.	...	Do. (B)	1735	1.05	1.05	.95	1.05
				J					
36	33	1.75	4.8	Jam. Pub. Ser.	10	36	36	36	36
127	123¼	7	5.5	Do. pref.	....	(131 bid — asked)			
				K					
21¼	6¾	1.25	...	Kelvinator	1244	19	20	19	20
107	100	7	6.6	Do. pref.	123	102¼	106	103¼	106
				L					
35¼	16¼	.	...	Lake of Woods	4981	30	35¼	30	34
165	123	1.75	...	Do. pref.	220	156	165	161	165
58	54	5	9.1	Landed Bank	15	55	55	55	55
4	3	.	...	Langley's	....	(1 bid 3¼ asked)			
56	35	.	...	Do. pref.	....	(55 bid 56 asked)			
70	64¾	3	4.5	Laura Secord	15	67	66¼	66	66
5¼	2	.	...	Lindsay, C. W.	....	(— bid 6 asked)			
55¼	40	.	...	Do. pref.	....	(55 bid — asked)			
21¾	18¾	1	4.6	Loblaw (A)	1391	21¾	21¾	21	21¼
20	17¼	1	5	Do. (B)	1120	20	20	19¾	20
				M					
2¾	2¾	.	...	MacKin. Steel	....	(2¼ bid — asked)			
4	4	.	...	Manitoba Pr.	....	(1¼ bid 4 asked)			
.50	.50	.	...	M. L. Gardens	....	(.75 bid 1.50 asked)			
4	2¾	.	...	Do. pref.	....	(2 bid 3¼ asked)			
2¾	1	.	...	Maple Leaf	2162	2	2¾	1¾	2¾
5¼	2	.	...	Do. pref.	112	4¼	4¾	4¼	4¾

Government Bonds

September 23, 1936

Dominion of Canada Bonds		Due	Bid Sept. 23	Asked Sept. 23	Approx. Yield	Bid Sept. 16
†‡Dominion	5	1 Mar. 1937	101.65	102.15	...	101.75
‡Dominion	5½	1 Dec. 1937	105.65	106.15	.30	105.70
Dominion	2½	15 Oct. 1939	104.00	104.50	1.04	104.00
Dominion	4	15 Oct. 1939	108.00	108.50	1.20	108.00
Dominion	2	15 Nov. 1939	102.60	103.10	1.00	102.60
Dominion	1½	1 June 1940	101.15	101.65	1.06	101.15
Dominion	4½	1 Sept. 1940	111.00	111.50	1.50	111.50
Dominion	1	15 Mar. 1941	98.50	99.00	1.22	......
Dominion	5	15 Nov. 1941	115.25	115.75	1.80	115.35
Dominion	3	15 Oct. 1942	106.00	106.75	1.84	106.25
Dominion	2½	1 June 1943	103.75	104.25	1.83	103.75
Dominion	5	15 Oct. 1943	116.25	116.75	2.41	116.35
Dominion	4½	15 Oct. 1944	114.25	114.85	2.46	114.35
▪Dominion	2½	15 Aug. '43-45	100.50	101.00	2.33▲	100.90
Dominion	4	15 Oct. '43-45	110.65	111.15	2.28▲	110.75
Dominion	4½	1 Feb. 1946	114.35	114.85	2.70	114.35
Dominion	3½	15 Oct. '44-49	106.35	106.75	2.57▲	106.50
Dominion	4	15 Oct. '47-52	109.65	110.15	2.95▲	109.75
Dominion	3	1 June '50-55	101.15	101.65	2.86▲	101.35
Dominion	4½	1 Nov. '46-56	112.85	113.35	3.01▲	112.85
Dominion	4½	1 Nov. '47-57	113.00	113.50	3.10▲	113.00
Dominion	4½	1 Nov. '48-58	113.65	114.15	3.12▲	113.65
Dominion	4½	1 Nov. '49-59	113.90	114.40	3.18▲	113.90
▪Dominion	3¼	15 Jan. '56-61	102.65	103.15	3.02▲	103.25
Dominion	3¼	1 June '56-66	102.15	102.65	3.07▲	102.35
♦Dominion	3	Perp. bonds	96.85	97.35	3.08	......
Dominion Guaranteed Bonds						
*G. T. P. Ry.	3	1 Jan. 1962	101.50	102.50	2.87	101.50
Can. N. Ry.	3	1 May 1944	105.00	106.00	2.16	105.00
Can. N. Ry.	3	15 Dec. '46-50	101.00	102.00	2.75▲	101.00
Can. N. Ry.	3	15 Feb. '48-53	100.75	101.75	2.82	101.00
*Can. N. Ry.	4½	1 Sept. 1951	116.25	117.25	3.06	116.50
*Can. N. Ry.	4½	1 Feb. 1956	116.75	117.75	3.26	117.00
†Can. N. Ry.	4½	1 July 1957	115.75	116.75	3.39	116.00
*Can. N. Ry.	4¾	15 June 1955	119.00	120.00	3.32	119.25
Can. N. Ry.	5	1 Feb. 1954	119.75	120.75	3.42	120.00
*Can. N. Ry.	5	1 July 1969	119.00	120.00	2.71▲	119.25
*Can. N. Ry.	5	1 Oct. 1969	121.00	122.00	3.27▲	121.25
*M. Harb. C.	5	1 Nov. 1969	121.25	122.25	3.25▲	121.50
Eastern— Provincial Government Bonds						
N. Bruns.	4	1 Sept. 1954	104.50	105.50	3.58	101.25
†N. Bruns.	4½	15 Apr. 1961	111.00	112.00	3.76	111.00
†N. Bruns.	5	15 Jan. 1960	115.75	116.75	3.91	115.75
N. Scotia	3	2 Sept. 1945	101.75	102.75	2.65	101.50
N. Scotia	4½	15 May 1943	110.50	111.50	2.62	110.50
†N. Scotia	4½	15 Sept. '47-52	112.00	113.00	3.14▲	112.00
†N. Scotia	5	1 Mar. 1960	119.25	120.50	3.69	119.00
*Ontario	4	1 June 1962	108.50	110.00	3.42	109.00
*Ontario	4½	1 Sept. 1944	113.00	114.50	2.50	113.00
Ontario	4½	1 June 1950	113.25	114.25	3.26	113.25
*Ontario	4½	15 Jan. 1962	115.00	117.00	3.49	115.00
Ontario	5	15 Oct. 1948	116.25	117.25	3.30	116.25
*Ontario	5	2 Dec. 1960	122.75	123.75	3.54	122.50
Ontario	5½	1 July 1946	118.00	119.00	3.25	117.50
O. H. C. 3½-4-5		1 Oct. '36-52	100.25	101.25	1.17▲	100.50
Ont. Hyd. C.	4¾	1 Jan. 1970	120.25	122.25	3.60	120.00
P. E. I.	3	1 Oct. 1945	100.50	101.50	2.82	100.50
Quebec	4	15 Mar. 1952	109.00	110.00	3.20	109.00
Quebec	4¼	1 Aug. 1958	112.50	113.50	3.37	112.25
Quebec	4½	2 Jan. 1963	114.50	115.50	3.59	114.25
Western—						
Alberta	4	15 Dec. '49-54	55.00	61.00	§	59.00
†Alberta	4	1 Dec., 1957	57.00	63.00	§	60.00
Alberta	4½	1 Oct. 1951	72.00	75.00	§	72.00
†Alberta	4½	1 Oct. 1956	62.00	65.00	§	63.00
†Alberta	5	1 Jan. 1948	63.00	65.00	§	64.00
Alberta	5	1 Sept. 1955	62.00	65.00	§	63.00
*Alberta	5	1 Oct. 1959	64.00	67.00	§	64.00
†Alberta	5½	1 Jan. 1947	64.00	67.00	§	65.00
Alberta	6	1 Mar. 1947	64.00	67.00	§	66.00
†Brit. Col.	4	1 Dec. 1957	87.00	90.00	4.74	88.00
*Brit. Col.	4½	15 Jan. 1951	91.00	93.00	5.18	92.00
†Brit. Col.	4½	1 Oct. 1953	90.00	93.00	5.11	91.50
†Brit. Col.	5	15 Jan. 1948	94.50	96.50	5.41	95.00
Brit. Col.	5	1 Sept. 1953	94.00	96.00	5.36	94.00
Brit. Col.	5½	1 Feb. 1945	95.00	97.00	5.98	97.00
Brit. Col.	6	15 Feb. 1947	99.00	100.50	5.92	99.50
Manitoba	4	2 Jan. 1950	90.00	93.00	4.69	92.00
†Manitoba	4	1 Dec. 1957	91.00	94.00	4.44	93.00
†Manitoba	4½	15 Dec. 1956	97.00	98.00	4.66	97.00
†Manitoba	5	15 June 1954	100.00	101.50	4.87	100.00
*Manitoba	5	2 Dec. 1959	102.00	104.00	4.72	102.00
Manitoba	5½	1 Oct. 1955	99.00	100.00	5.50	99.00
Manitoba	6	1 Apr. 1947	99.00	101.00	5.87	99.50
Sask.	4	15 Aug. 1963	72.00	74.00	6.55	74.00
Sask.	4	1 Nov. '55-60	71.00	73.00	6.44	73.00
*Sask.	4½	2 July 1945	83.00	86.00	6.35	85.00
†Sask.	4½	1 Oct. 1961	82.00	84.00	6.11	84.00
†Sask.	4½	15 Mar. 1960	80.00	82.00	5.93	81.00
Sask.	5	1 Aug. 1958	80.00	84.00	6.38	84.00
†Sask.	5½	15 Nov. 1946	87.00	89.00	6.99	88.00
Sask.	5½	1 Oct. 1952	84.00	87.00	6.82	86.00
Sask.	6	15 Mar. 1952	87.00	90.00	7.06	88.00
Municipal Bonds						
†Halifax	5	1 July 1961	114.00	116.00	3.98	114.00
Hamilton	5	1 May 1950	112.00	114.00	3.71	112.00
Montreal	5	1 Mar. 1945	104.00	105.50	4.22	104.00
Ottawa	4½	1 July 1945	112.00	114.00	2.71	112.00
†Quebec	5	1 June 1959	108.00	110.00	4.31	108.00
Saint John	5	15 Dec. 1950	107.50	109.00	4.17	107.50
†Toronto	4½	1 Jan. 1955	115.00	117.50	3.28	115.00
†Vancouver	5	15 Jan. 1950	85.00	90.00	6.10	85.00
Winnipeg	5	1 Mar. 1944	100.00	102.00	4.68	100.00

* Payable Can., N.Y., & £. ▲ Calculated to call date giving lowest possible yield. † Payable Can. & N.Y. • Calculated to maturity although callable prior to that date. ‡ Exempt from Dominion income tax. §Traded flat. ▪Payable in N.Y. ♦Callable on or after Sept. 15, 1966.

Mining Stock Quotations

WEEK ENDED SEPTEMBER 21

Corporation Bonds

Supplied by The Investment Dealers Association of Canada

September 22, 1936

Public Utility Issues:	Int. Rate %	Due	Bid Sept. 22	Asked Sept. 22	Bid Sept. 15
*Ass. Tel. & Tel.	5½	'55	85	88	86
‡Avalon 'Phone	5½	'48	101¼	..	101¼
Beauharnois P.	5	'73	47	50	46
*Bell T'phone	5	'55	115	118	115
*Do.	5	'57	121	124	121
†B. C. Power	5	'60	105¼	108¼	105¼
†Do.	5½	'60	106¼	109¼	106¼
†B. C. T'phone	4½	'61	106	109	..
*Calgary Power	5	'60	97	100	100
*Do.	5	'64	94	97	96
†Can. Nor. Pwr.	5	'53	104¼	107¼	104¼
*Dom. Gas. & El.	6½	'45	89	92	89
*Gatineau Pr.	5	'56	100¼	103¼	101¼
*Do., A	6	'41	98	101	98
*Do., B	6	'41	97	100	98
*Int'l. Hydro	6	'44	56¼	59¼	54
*Int'l. Pwr.	6	'57	97	100	97
†Maclaren-Que.	5½	'61	85	88	86
†Do.	5½	'64	84	87	85
Maritime T & T	5	'56	104¼	..	104¼
†Mtl. Island Pr.	5½	'57	105	108	104¼
†Mtl. L. H. & Pr.	3½	'56	103¼	106	103¼
†Montl. Tram.	4½	'55	79¼	82¼	79¼
†Do.	5	'41	102	105	102
†Do.	5	'55	85¼	88¼	85
Nfld. L. & P.	4½	'56	100	103	99¼
Nat'l. L. & P.	6	'49	100	103	100
†N.S. L. & P.	5	'58	105¼	108¼	105¼
Do.	5	'65	102¼	..	102
†Ottawa Light	5	'57	108	111	108
†Ottawa Tract.	5½	'55	102	105	101¼
†Ottawa Val. Pr.	5½	'70	..	78	..
†Power Corp.	4½	'59	99¼	102¼	98¼
*Quebec Pr.	5	'68	105¼	108¼	105¼
Saguenay Pr.	4½	'66	104	107	104
†Shawinigan	4	'61	99	102	99¼
†Do.	4½	'70	105	108	105
†South. Can. Pr.	5	'55	105	108	105
†United Secs.	5½	'52	85	88	85
†West. Pwr. Co.	5	'49	105¼	108¼	105¼
*Winnipeg Elec.	4½	'60	104	107	104
*Do.	6	'54	..	..	87¼
Do., A	4	'65	75¼	78¼	..
Do., B	4	'65	59¼	62¼	..
Industrial & Realty Issues:					
†Abitibi Pwr.	5	'53	58	61	55
Acadia Sugar	4½	'55	102	105	102
†Alta. Pac. Gr.	6	'46	93¼	96¼	93¼
B. A. Oil	4	'45	103¼	106¼	103¼
Can. Bread	6½	'41	109	112	109
†Can. Cement	4½	'51	101	104	..
†Can. Ss. Lines.	6	'41	47¼	50¼	45¼
Can. Canners	4	'51	100	103	100
Can. Bakeries	6½	'45	93¼	..	93
*Can. Int. Paper	6	'49	93	96	92¼
C. P. R.	3½	'51	96	99	96
Do.	4	'49	102	105	102¼
Do.	4½	'44	101	103¼	100¼
Do.	4	perp.	96	97	96¼
†Can. Vickers	6	'47	98	101	96
†Cons. Paper	5½	'61	52¼	55¼	49¼
*Dom. Coal	6½	'55	101	104	101
Dom. Sq. Corp.	6	'48	59	62	59
‡Dom. S. & C.	6½	'55	66¼	70¼	67
†Dom. Tar	4½	'51	99¼	102¼	99¼
Dom. Textile	4½	'56	105¼	..	105¼
†Donnacona P.	5½	'48	75¼	78¼	73¼
†Fam. Players	4½	'51	99	102	99
†Federal Grain	6	'49	96¼	99¼	95¼
†Fraser Cos.	6	'50	103¼	106¼	101¼
†G. Steel Wares	6	'52	105	108	105
*Gt. Lakes Pap.	5	'55	74	77	..
†Gypsum, Lime	5½	'48	102	105	101¼
†Gr. Br. & Can. Inv.	4½	'59	83¼	86¼	83¼
Ham. Cottons	5½	'48	103¼	106¼	103¼
*Ham. B.-P. C.	5	'50	101	104	101
*Hinde & Dauch	5½	'48	103¼	106¼	103¼
†Int. P. & P., N.	4½	'68	102	105	102
Inter. City Bak.	5½	'48	104	107	104
Inter-City W. B.	6½	'50	48	52	46
†Kingston Elev.	6	'50	87	90	..
†Lake St. John P. & P.	6½	'47	113	116	111
†Do.	6	'42	79¼	82¼	78¼
†Lon. Can. Inv.	4½	'48	92	95	92
†Maple Leaf M.	5½	'49	76	79	72¼
†Massey Harris	5	'47	89	92	89¼
†McColl-Front.	6	'49	107	110	107
†Mercury Mills.	5½	'53	72	75	72
†Mersey Paper	6	'49	97	100	97
*M. & O. Paper	6	'45	40¼	43¼	38
Mont. D. Docks	6	'48	88¼	91¼	..
Nat. Grocers	4	'36-47	102	..	..
†N. Amer. Elev.	6	'50	98	..	..
Nor. Ont. Bldg.	6½	'39	95	..	95
*Prov. Paper	5½	'47	102¼	105	102
Queen's Hotel.	6	'47	85¼	88¼	95
*Reliance Grain	6	'48	103	106	103
†Restigouche Co.	6	'48	107¼	110¼	107
Rich. B. Bldg.	6½	'47	100	..	100
†Rolland Paper	5½	'48	105	..	105
Ruddy & Co.	6½	'48	98	101	97¼
†Simpsons Ltd.	4½	'51	98¼	101¼	107
†Smith, Howard	5½	'53	108	109	107
†Steel of Can.	6	'40	113	116	113
Sterling Coal	6	'40	87	..	87
Stop & Shop	6	'47	59	62	55
Twin City Rapid Tr'sit	5½	'52	87¼	90¼	87
United Amuse.	5	'56	100	103	99¼
United Corp.	5	'53	96	99	95¼
Unit. Grain Gr.	5	'48	96	99	..
Union Gas	4½	'43-50	98¼	101¼	97¼
Zimmerknit	6	'51	101	..	100

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. *Payable in Can. or U. S.

Unlisted Mines

September 22, 1936

	Bid	Asked
Albany River	.73	.75
Algold	.40	.42
Ardeen	.22	.28
Area	.05	.06
Arrow Head	.40	.44
Bathurst (new)	.05½	.06
Bailor	.05	.06
Bankfield Gold	.71	.74
Bankfield (new)	1.15	1.20
Blue Star	.30	.33
Bousquet Gold	.11	.12
Big Long Lac	..	.08
Brae Breest	.24	.27
Brengold	.17	.18
Callinan Flin Flon	.13	.15
Canadian Pandora	.10	.11
Candalaca	.23	.26
Canusa (new)	.75	.80
Capital Rouyn	..	.20
Coin Lake	.30	.32
Columario (new)	.02½	.03
Cuniptau	.30	.31
Casey Contact	.03½	.04½
Cres. Kirkland	.34	.36
Darwin	.44	.49
Dunlop (new)	.10	.11
Dorval Siscoe	.41	.44
Dupont Hodgson	.21	.24
Elmos	.22	.25
Empress Cons.	.49	.51
Empire	..	.26
Franklin	.02	.03
Falkenham	.38	.40
Frontier R. Lake	.20	.21
Garnet	.13	.14
Gateway Pat.	.19	.21
Gillies Lake	.35	.38
Gold Eagle	1.38	1.43
Goldside	..	.16
Golden Gate	.38	.41
Gordon Lebel	.31	.34
Gilbec	.05	.05½
Horseshoe	.08¼	.08¾
Hudson Patricia	.16	.18
Hugh Pam	.40	.43
Jellicoe	.16	.18
Johnson Nipigon	.05	.06
Kaw Crow	.22	.25
Kenricia	.58	.60
Kerr Addison	..	.25
Kert McDonald	.30	.32
King Kirkland	.04½	.05
Lamaque	7.75	8.00
Lafayette	.06	.07
Lappa Cadillac	.49	.51
Leitch Gold	.68	.70
Lake Rose	.54	.58
McFarlane	.06½	.07
Manitoba Basin (new)	.06	.07
Margaret	.34	.38
Madsen Red L.	1.02	1.05
Magnet Lake	.10½	.12
Martin Bird	.33	.36
Martin McNeely	.14	.16
Matachewan Can.	.20	.21
McAndrew	.33	.36
McCarthy Webb	.53	.55
Mosher	.76	.78
Moffatt Hall (new)	.27	.20
Murmac	.09	.11
Monarch Mines	.50	.52
North Shores	.06	.07
Old Diamond	.15	.17
Oklend	.31	.34
O'Leary	.17	.19
Opemiska Cap.	.80	.90
Oriole	.07	.08
Oremond	.29	.32
Ossian	.08	.09
Paulore	.27	.30
Porcupine Gold R.	.03	.04
Porcupine Lake	.35	.38
Pascalis	.20	.23
Porcuin	.30	.33
Red Crest	..	.70
Ricard Ramore	.87	.89
Richmac	.33	.35
Roeanor	.27	.30
Rubec	.12½	.13
Salmo Malartic	.20	.23
Sand River	..	.40
Schreiber	.15	.16
Skookum	.28	.31
Smelter Gold	.09	.11
South Keora	.14	.15
Spooner	.36	.39
Springer	.09	.11
Sturgeon R. Gold	..	.40

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

September 23, 1936

Industrial Stocks:	Bid	Asked
Acadia Sugar com.	4.45	4.80
Do., pfd.	4.90	5.20
Acme Farmers Dairy pfd.	44.00	50.00
Algoma Steel new pfd.	49.00	53.00
Andian National	45.00	47.00
Assoc. Tel. & Tel. pfd.	51.00	53.00
B. C. Pulp & Paper pfd.	10.00	12.50
Burns & Co., A	8.00	10.00
Do., B	5.75	6.50
Canada & Dom. Sugar	59.00	60.50
Canada Paper pfd.	110.00	117.00
Canada Starch pfd.	92.00	...
Canada Tea pfd.	31.00	...
Can. Tube 1st pfd.	48.00	...
Can. Wire & Cable pfd.	115.50	119.00
Can. Industries A com.	221.50	...
Do., B com.	221.00	224.00
Can. Industries pfd.	164.50	167.00
Can. Ingersoll Rand	132.00	132.00
Can. Westinghouse	61.00	62.50
Chase, A. W., pfd. bonus	25.00	26.00
Claude Neon pfd.	2.75	3.75
Conduits Nat., new com.	2.25	3.00
Dom. Found. & Steel com.	54.00	...
Do., pfd.	96.00	100.00
Dom. Rubber pfd.	96.00	...
Dunlop Tire pfd.	82.50	85.00
Eastern Dairies pfd.	8.25	10.00
Edm. City Dairy pfd.	60.00	...
Federal Grain com.	1.25	2.25
Do., pfd.	...	48.00
Goderich Elevator	8.75	9.50
Greening Wire pfd.	108.00	...
Guelph Carpet pfd.	105.00	107.00
Do., com.	18.00	20.00
Highland Dairy com.	3.25	3.75
Do., pfd.	83.00	88.00
Inter City Baking com.	32.00	35.00
Inter. Met. Indust. A pfd.	...	65.00
McLaren Power & Paper c.	15.00	16.25
N. Meth. Laund. pfd. bonus	78.00	84.00
Ont. Tobacco Plant pfd.	...	55.00
Provincial Paper pfd.	105.50	108.50
Reliance Grain	4.00	4.50
Do., pfd.	86.00	...
Rob. Cons. Cone	9.50	10.50
Ruddy, E. L., 7% pfd.	36.00	41.00
Silverwood's Dairies pfd.	54.00	...
Standard Fuel pfd. bonus	107.00	110.00
Supertest Pet. B pfd.	27.00	29.00
Toronto Carpet pfd.	39.00	...
United Steel A pfd.	...	11.75
Western Grain pfd. bonus	...	14.00
Willards Chocolates pfd.	22.00	28.00
Trust & Loan Stocks:		
Chartered Trust	84.00	87.00
Guelph Ont. Inv. par $50	48.00	52.50
London & West. Trust	52.00	57.00
Premier Trust	98.00	103.50
Prudential Trust	3.25	...
Sterling Trust	30.00	35.00
Traders Fin. Inc. Rts.	10.00	...
Do., B pfd. bonus	85.00	...
Trusts & Guarantee	30.00	34.00
Waterloo Trusts	96.00	...
Insurance Stocks:		
British America	45.00	...
Canada Life	520.00	530.00
Canadian Fire	74.00	78.50
Can. Ins. Shares	12.00	14.00
Confed. Life 20% pd.	114.00	118.00
Cont. Life 20% pd.	38.00	43.00
Crown Life	160.00	...
Dominion Fire	120.00	130.00
Dominion Life 50% pd.	265.00	300.00
Dom. of Can. Gen.	122.00	130.00
Empire Life 25% pd.	7.50	9.00
Excelsior Life 30% pd.	69.00	73.00
Federal Fire 25% pd.	38.00	...
Fidelity Ins. of Can.	45.00	...
Great West Life	381.00	396.00
Guar. of N. A., fully pd.	287.00	300.00
Halifax Fire	23.00	24.00
Imperial Life	340.00	...
Manufacturers Life	240.00	260.00
Monarch Life 10% pd.	20.00	23.00
National Life 25% pd.	...	48.00
Sovereign Life 25% pd.	17.00	19.50
Sun Life	450.00	470.00
Toronto General	4.75	6.00
Western Assurance com.	45.00	47.50
Do., pfd.	40.00	45.00
Theatre Stocks:		
Allens Beach pfd.	60.00	67.00
Do., Kingston pfd.	60.00	...
Do., Parkdale pfd.	80.00	...
Do., Toronto pfd. bonus c.	30.00	...
Eastern Theatres pfd.	77.00	83.00
Loew's Buffalo pfd.	3.00	3.75
Do., London pfd.	2.50	3.50
Do., Toronto pfd.	114.00	...
Mansfield Theatre pfd.	28.00	31.50
Para. Kitchener pfd.	47.00	...
Do., Oshawa pfd.	85.00	93.00
United Amusement A	...	18.50
Do., B	...	16.00
Investment Trust Shares:		
Can. Gen. Invest.	9.00	9.20
Can. Int. Inv. Trust Units.	61.00	65.00
Can. Investors	7.25	7.90
Cons. Div. Std. Sec. Units.	14.50	16.00
Corporate Investors	...	7.50
Debenture & Sec. pfd.	70.00	...
Dom. Scott. Inv. Units	40.00	43.00
Foreign Power Sec. pfd.	4.00	5.50
Invest. Found. Units	56.00	60.00
Sec. Holding Corp. Units	24.00	27.00
United Corpns. A	25.00	26.00
Do., B	12.00	13.00
Power Issues:		
Calgary Power pfd.	75.00	79.00
Can. Light & Power com.	17.00	20.00
Can. West. Nat. Gas pfd.	84.00	87.00
Do., com.	23.00	26.00
Great Lakes Pwr. pfd.	98.00	...
Inter. Util. 7.00 pfd.	88.00	93.00
Nor. Ont. Power pfd.	102.00	103.50
Nova Scotia L&P pfd.	102.50	105.00
Do., com.	84.00	87.00

Winnipeg Stocks

(Transactions from Sept. 14 to Sept. 19)

	Sales	High for period	Low for period	Close Sept. 19
B. & M. Synd.	130	5.00	5.00	5.00
Beaver Lumber	10	2.50	2.50	2.50
Cons. Goldfields	100	.35	.35	.35
Cryderman	8,000	.09	.09	.09
Can. Rand.	1,500	.06	.06	.06
Clover Gold	2,000	.14	.12	.14
Do., Units	1	10.00	10.00	10.00
Flin Flon	3,950	.28	.20	.25
Gold Lake	17,713	.17¼	.12	.16¼
Gurney Gold	1,110	.50	.45	.45
Gt. Falls M.&S.	3,500	.10	.10	.10
Island Lake	2,000	.04	.04	.04
Horseshoe	1,000	.06	.06	.06
Knee Lake	1,200	.05	.05	.05
Ore Grande	8,400	.20	.17¼	.17¼
Packsack	5,300	.25	.22	.25
Pine Lake	4,000	.10	.09	.09
Scotch Creek	100	1.50	1.50	1.50
Sachigo River	110	31.87	20.00	20.00
Do., rights	140	15.00	8.00	8.00
Rice Lake	500	.05	.05	.05
Sovereign Life	20	17.00	17.00	17.00
United Grain	4	10.00	10.00	10.00
Vanson Man.	24,500	.03	.02	.02¼
Wingold	10,400	.05¼	.04¼	.05
Wylie Dom.	500	.45	.45	.45
Wpg. River Tin	12,500	.02¼	.02	.02¼
Wings Ltd.	2,030	1.15	1.15	1.15
Wallace Lake	500	.02¼	.02¼	.02¼

Stocks Not Traded in During Week*

	Bid	Ask.
Beaver Fire Ins.	..	100
Can. Indemnity	135	..
Comm. Securities	..	10
Dom. Envelope, com.	..	1¼
Home Invest.	20	..
Northern Trust	7	9¼
Traders Bldg.	75	..

* Stocks more active on other exchanges not included.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	4.25	4.40
Can. Invest. Fund	4.45	4.75
Grouped Income	6.30	6.85
Can. Equity	13.37	....
Can. Int. Trust Modified	5.75	....
Do., Unmodified	4.75	5.25

Listed Bonds

Week Ended Sept. 21, 1936

	Int. rate	Due	High	Low	Range 1936 High	Low
Mtl. L. H. & P. Debs.	3	'39	50¼	50¼	51¼	50
McNish	6	'43	4.00	3.75	4.00	3.00
Unlisted:						
Cons. Pap.	5½	'61	52	..	53	30¼

UNLISTED MINES (Continued)

South Mackenzie	.29	.31
Tonawanda	.11½	.12½
Upper Can.	.25½	.27
Wendigo	.18	.20
Wasa-Side	.15	.17
W. Red Lake	.15	.18
White Horse	.16	.18
Winoga	.43	.45
Young Davidson	.20	.22
Young Shannon	.19	.22

The Week in Mining

Continued Good News Offsets Profit Taking

Diversified Price Action Noticeable as Market Undergoes Weeding-Out Process — Profit Taking Seen

It will be noticed that the weighted index number of representative mining stocks has held surprisingly level for some 3 weeks. This index, as prepared by the Dominion Bureau of Statistics, is a weekly summary, and while the mining market has had day to day moods, the weekly level has been virtually maintained.

The significance of this is fairly apparent. After a vigorous rising tendency spread out over some months, the era of profit taking and consolidation has set in. While usually this method is reflected in temporarily falling prices, in this particular case news from the field has continued to be largely favorable, and the tendency for prices to fall has been balanced by the continued impetus from the north.

Whether or not the present boom has spent itself is unknown, but it must be admitted that the failure of the market to be depressed by the profit taking which is undoubtedly going on is a healthy sign.

Another factor which probably accounts for the even tenor of the past few weeks has been the weeding out process noticeable. Price actions have been very diversified, and while the profit taking referred to above has, in individual cases, been reflected in share prices, other individual cases, where development has continued favorable, have also offset the falling stocks in the general index.

St. Anthony Report

DIRECTORS of St. Anthony Gold Mines, in Thunder Bay, have not yet announced how far they are willing to go with Lawrence B. Wright's recommendations for this property. Mr. Wright, a recognized authority, recommends an 8-month development programme to cost in the neighborhood of $80,000. As pointed out elsewhere on this page, it is difficult to see where St. Anthony would obtain such a sum without some sort of capital reorganization. All its shares are outstanding, and, as at Dec. 31, 1935, current assets exceeded current liabilities by only about $18,600.

In addition, net earnings last year of slightly over $2,000 were arrived at by writing off preproduction development at 50 cents per ton, and depreciation at 10%, instead of the customary 15%.

In his report Mr. Wright by no means discounts the merits of the property. From geological considerations, he states, it is believed that the chances for materially increasing the estimated tonnages are good.

Whether or not directors will carry out Mr. Wright's suggestion that the mill suspend operations until at least 2 years ore supply is blocked out, is not known.

* * *

Canada's Metals

IT HAS frequently been said that in a metal age Canada finds herself in a peculiarly fortunate position. Some indication of the truth of this statement is provided by the current revolution in Spain.

It is reliably estimated that the Spanish Almedan Mine produces 40% of the world's quicksilver. Since the Spanish revolution started, tying up production from this source, the price of mercury has jumped from $70 to $85 per flask. Canada is known to have several deposits of cinnabar, with which mercury is associated. These deposits remain virtually unworked, due to the comparative lack of demand. With increasing prices, and a generally stimulated market, apart even from the Spanish affair, one such deposit, near Minto, B.C. is now being worked.

Also due to the Spanish upheaval, it is estimated that two thirds of Europe's supply of iron pyrites, used for fertilizers, and other chemicals has been cut off. Here again Canada has potentially important source of supply.

Latent in Canada, in addition to the metals at present being produced, are many such less known products. To date, the Spanish civil war is, as far as actual hostilities are concerned, confined to the one country. In the event of warfare on a larger scale, this country's strategic position would be proportionately accentuated.

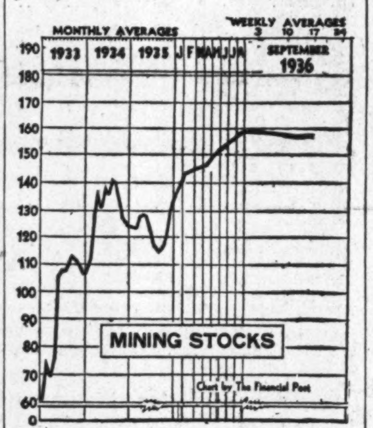
* * *

Index to Mining Stocks

DIVERSITY in price movements was evident on the mining market during the past week, with gains or losses generally of moderate amounts. The index of 23 mining issues declined fractionally from 157.0 for the week of Sept. 10 to 156.6 for the week ending September 17. This index was 121.4 for the corresponding week in 1935.

Twelve out of the 20 gold stocks registered declines and the index for this group receded from 132.1 for the week of September 10 to 131.7 for the following week. The index for the week of September 19, 1935, was 111.6.

From the high point of 266.4, reached in the middle of August the index of base metals has gradually declined to 259.9 for the week of September 17. This compares with 260.5 for the preceding week and 162.4 for the comparable period, last year.



At the Mines

Blue Star Mines, in the Kenora mining division, is rapidly approaching its objective of 150 ft. with the new shaft. When the first objective is reached, lateral development work will be started to prove the downward extension of 7 parallel veins opened up on surface for a length of 2,000 ft.

* * *

Darwin Mines in the Michipicoten area of Ontario has entered the shear zone on the 8th level, 102 ft. from the shaft, The Post is advised by an official. On the 7th level, at 175 ft. from the shaft, mineralization is just being entered.

* * *

East Malartic.—Sinking in the No. 2 shaft at East Malartic Mines, Quebec, has been speeded up due to the fact that this shaft has been in excellent vein material of good width all the way from the surface, J. P. Norrie, engineer in charge reports. Mr. Norrie reports that the No. 2 shaft has also been in excellent vein material from surface to the present bottom.

* * *

Eldorado Gold Mines.—A total of 50,769 shares of treasury stock have been taken up by shareholders at 95 cents per share, under the recent offering of rights, details of which were reported recently in The Post. The remainder of the offering, comprising 247,231 shares, have been taken up by the underwriter, Harry Snyder Ltd. at 95 cents per share.

* * *

Greene Stabell Mines, in the Harricanaw district of Quebec, has encountered material averaging $10 across 50 inches in the west drift from the 500-ft. level, The Financial Post learns. Interesting mineralization is also being obtained in the east drift at this level, where drilling has cut what is believed to be a new vein.

* * *

Margaret Red Lake Mine reports that a new ore occurrence has been opened up in the northern section of the claim in the Red Lake district of Ontario. Surface work to date has proven the new occurrence for the length of 100 ft. with width varying from 15 to 20 ft., the company reports.

* * *

My Lamaque Gold Mines announces that Vince Ryan of Shawkey Gold Mines has been appointed consulting engineer at the property which adjoins Lamaque Gold Mines on the south. The company also reports that it has acquired the property of Quebec Gold Belt Mines located immediately to the south of My Lamaque Gold. Drilling has intersected the No. 2 quartz vein at a depth of 30 ft., showing a width of 5 ft.

* * *

Rahill Red Lake.—In the course of geologizing the property of Rahill Red Lake, an interesting new vein has been revealed on surface, about 600 ft. south of where the power line crosses, The Financial Post learns from an authoritative source. No channel assay results are available as yet, but the new discovery is reported to have a width of from 6 to 8 ft. Its location brings it to within 500 ft. of the Gold Eagle boundary.

* * *

Sturgeon River Gold—Suspension of operations follows a decision of the directors to mark time pending arrangements for electric power and rebuilding of the mill. Power will probably be available in December.

* * *

Vidette Gold Mines—Reports August production at 609 ounces gold, 900 ounces silver, and 1,200 pounds copper, having a total value of $21,793. During the month, 724 tons was milled.

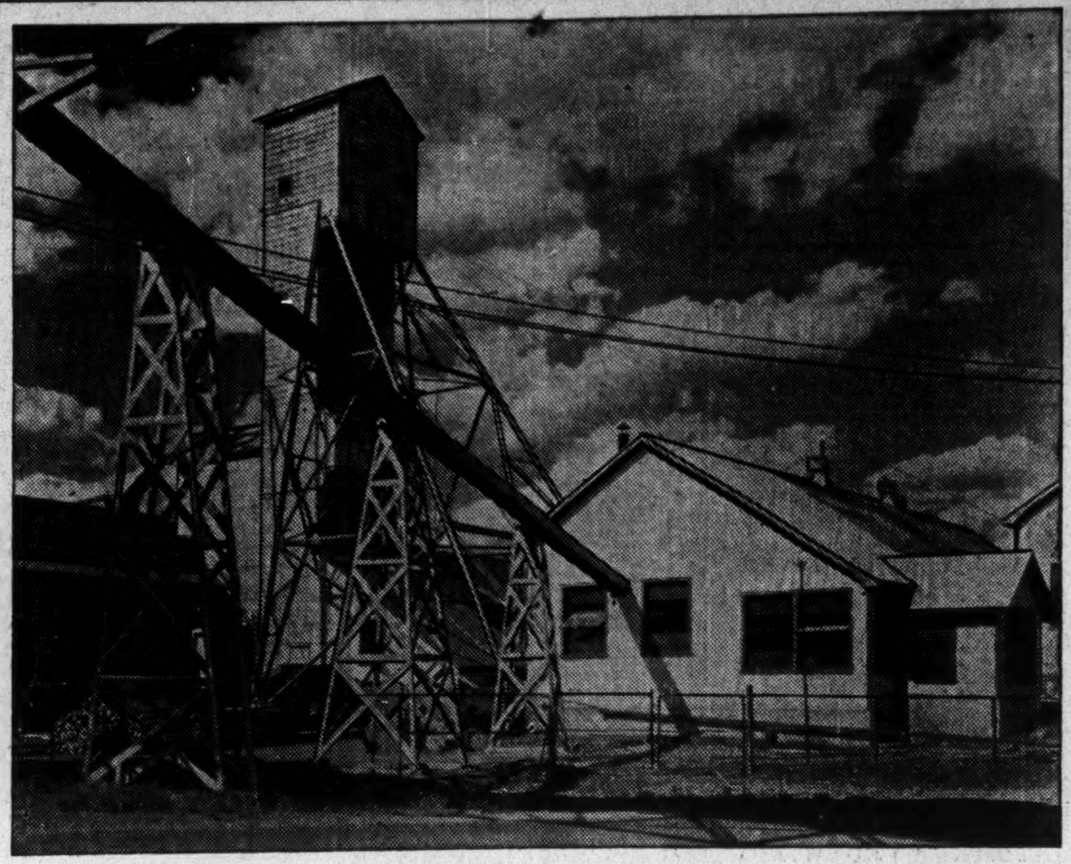
* * *

Tonawanda Mines.—S. L. Macdonald, engineer in charge at the Cadillac Twp., Que., property of this company, reports that drilling is well under way, and results from the first hole should be out shortly.

Vanson Financing New Exploration

From Our Own Correspondent

WINNIPEG.—Vanson Gold Mines is financing an exploration programme on ground lying to the south and adjoining its property. While Vanson does not own this property it is held by close interests and it is understood should anything be found Vanson will hold stock for the work it has financed.



STEEL AND SKY

The sturdy architecture of a gold mine, designed for utility with no thought for the aesthetic, sometimes unconsciously presents a striking angle. The picture above presents such a shot, from the property of Teck-Hughes Gold Mines, the Kirkland Lake producer.

Kerr Lake Loss $2,863 Last Year

Working Capital Also Shows Slight Decline

Kerr Lake Mines, holding company, reports a net loss of $2,863 for the year ended Aug. 31, 1936. This compares with a net loss of $444 in the previous year.

At the same time working capital shows a reduction to $60,885 from $76,204 at the end of the previous year.

Income was confined to interest and dividends received, amounting to $26,909. The company's main interest continues to be its 95,242 shares in Rimu Gold Dredging Co., of New Zealand. Exploration has been carried out in other sections of New Zealand, with fairly promising results to date, Adolph Lewisohn, president, reports. If development continues satisfactory, it is planned to form a company to operate them, in which event Kerr Lake Mines will receive an interest.

Income and Surplus Acct.
Years Ended Aug. 31

	1936 $	1935 $
Divds. & int. rec.	26,909	34,899
Net earnings	26,909	34,899
Less oper. expenses:		
Adminis. & general	23,714	29,396
Taxes	759	3,991
Sundry explor. & mine exams.	5,026	1,068
Loss on sale of misc. sec.	273	......
Net profit	*2,863	444
Less: Dividends	30,000	120,000
Surplus for year	*32,863	*119,556
Add: Prev. surplus ..	103,504	662,268
Profit on retir. pref. shs. Rimu Gold Dredging Co. Ltd.	......	6,667
Appreciation in val. of misc. listed secs.	......	4,125
Reduct. sh. val. Kerr Lake Mines, Ltd...	......	1,800,000
Apprec. realized on sale of secs.	6,487	......
Less: Shs. of Kerr Lake Mng. Co. Ltd. w/d	......	2,250,000
Addit. Can. inc. tax	761	......
Bal. carried forward.	76,367	103,504

*Loss or deficit.

Kerr Lake Mining Co., whose stock is entirely owned by Kerr Lake Mines, showed net earnings of $380, compared with net earnings of $13 the previous year. Income of this subsidiary is confined entirely to royalty from leases on its Cobalt property, and from interest and rentals.

	1936 $	1935 $
Royalty from mine lease	153	......
Interest and rentals	13	13
Royalty on shipments ...	214	......
Net earnings	380	13
Less: Mine maint., taxes & general adminis. ...	1,984	3,744
Surplus for year	*7,604	*3,731
Add: Prev. surplus	6,883	8,114
Trans. from res. acct...	......	2,500
Balance carried forward	5,279	6,883

*Loss or deficit.

Mining Dividends

	Rate	Close Sept. 21	Yield %
Anglo-Huronian	20c	6.60	..
Beattie Gold	†5c	1.35	..
Bralorne	20c+10c	8.15	..
Buff. Ankerite	20c	8.15	..
Bulolo Gold	‡1.40	29.00	..
Cariboo	10c	1.93	5.1
Central Patricia	†4c	4.10	..
Coniagas	†12½c	3.10	..
Cons. Smelters	50c	59.25	..
Dome Mines	$2+$2	57.75	6.9*
Falconbridge	30c	10.25	2.9
Hollinger	65c+20c	14.12	6.0*
Howey Gold	2c	.78	..
Hudson Bay	50c	26.75	..
Island Mountain ...	†5c	1.23	..
Int. Coal & Coke ..	‡1c	.21	..
Inter. Mining	60c	11.50	5.2
Int. Nickel, c.	$1.40	61.50	2.2
Kerr Lake	5c	.63	..
Kirk. Lake	‡3c	.59	..
Lake Shore	$4	56.87	7.1
Little L. Lac	20c	6.05	..
Macassa	15c	4.35	..
McIntyre	$2	42.37	4.7
McKenzie R. Lake ..	†3c	1.83	..
McKinley Sec.	2½c	.63	..
McWatters Gold	†5c	1.34	..
Nipissing	50c	2.50	..
Nor. Can. Mining ..	2c	.55	..
Noranda	‡$1.25	64.00	1.9
Pickle Crow	15c	6.70	..
Premier	12c+1c	3.25	4*
Pioneer, B.C.	80c	7.75	10.3
Reno	12c	1.25	9.6
San Antonio	14c	1.68	..
Sheep Creek	†2c	.83½	..
Siscoe	20c	4.80	4.2
So. Amer. Gold	20c	4.60	..
Sylvanite	20c	3.23	6.2
Teck-Hughes	40c+5c	5.85	7.7*
Toburn	8c	2.85	..
Ventures	†2½c	2.44	..
Wright-Har.	40c+20c	8.00	7.5*
Ymir Yankee Girl ..	5c	.45	..

‡Interim. †Initial. *Yield includes bonus.

McIntyre Options Stock of Porquin

McIntyre Porcupine Mines has purchased 250,000 treasury shares of Porquin Gold Mines, and has taken an option on 1,350,000 additional shares to net the treasury $575,000 if taken up in full.

Porquin Gold Mines, recently incorporated, owns 600 acres in Tisdale Twp., to the northwest of Foley O'Brien, now owned by Dome Mines. Officials of McIntyre Porcupine inform The Financial Post that the usual development programme, comprising initially a geological exploration and drilling campaign, will be started at once.

LeRoy Mines Drills Birrell Holdings

LeRoy Mines reports that a drilling contract has been let and drilling has been started on the Birrell Mines property in Quebec. On the Duparquet property to the immediate north, surface work is being carried on.

Regarding the Mud Lake option, Edmond Bregent, president, states that before making the $2,000 payment due November 15 it will be in the company's interest to do some diamond drilling. A. Avard, secretary, reports the company has 1.1 million shares to dispose of out of which it has granted an option on 1 million shares at 50 cents a share on the condition that 100,000 be taken up in 90 days. This would provide $500,000 for the treasury.

Chromium Adds Fourth Furnace

During the past year, capital expenditures on improvements to the Sault Ste. Marie smelter of Chromium Mining & Smelting Corp. amounted to $161,227, shareholders were told at the annual meeting recently by A. R. Globe, president. The Smelter is now fully equipped, Mr. Globe stated. Subsequent to the meeting, it was announced that a fourth furnace would be added to the Sault plant. As a result of expenditures made last year, costs had been reduced by 33 1/3% Mr. Globe stated.

Directors of the corporation were re-elected.

Gold Mountain Officials Plan Mill Construction

Gold Mountain Mines Ltd., operating in the Hedley district, B.C., is considering mill construction and a tramline. The company has arranged with Hedley Amalgamated to secure power from the West Kootenay Power Company, on a basis that is expected to reduce the cost to both companies.

Sheep Creek Output Improving Monthly

Steady increase in production at the property of Sheep Creek Gold Mines in British Columbia is shown in the last 3 months. Production for this period is as follows: June, $47,020; July, $57,005; August, $58,387.

Bankfield Shareholders Now to Get New Stock

Bankfield Consolidated Mines, successor to Bankfield Gold Mines, is taking steps to distribute the vendor stock, on the basis of 2 shares of Bankfield Consolidated for each 3 shares of Bankfield Gold Mines held.

Bankfield Consolidated has, according to C. D. H. MacAlpine, president, ordered a 100-ton mill, and it is hoped to start construction work before freeze-up. The company has 2.4 million shares issued or allotted, of an authorized capitalization of 3 million shares. Mr. MacAlpine reports that the company has about $267,000 either in cash or firm subscriptions.

In a recent report on the property, W. H. Woods, consulting engineer, estimates 65,144 tons of assured and probable ore in the No. 2 ore body, having an uncut average grade of 16.0 dwt. or, at present gold prices, about $28 per ton. The cut average is 12.2 dwt. or about $21.33 per ton.

Halliwell Gold Mines Gets High Drill Returns

Three contiguous sections, of 3 ft. each, from diamond drill hole No. 25 at the property of Halliwell Gold Mines, copper-gold prospect in Beauschatel twp., Que., gave an average of $144 in gold per ton over 9 ft., according to official advices. Eight contiguous sections from the same hole, represent an average of $11 in gold and copper per ton across 15 ft. or $8 across 24 ft.

Halliwell Gold Mines, which succeeded Halliwell Mines, has about $150,000 in the treasury in addition to 1 million shares. Of the issued stock, 1 million shares are held in pool.

The present drilling is aimed at proving the extension of an ore body which was indicated to a certain extent in the fall of 1934, and which extends 75 to 100 ft. east and west.

Recommends Small Plant For B. C. Mercury Deposit

In a report to C. P. Reil, president of Manitou Mining Co., H. W. Gould, specialists in quicksilver deposits, recommends that small refining plant be installed on the property, near Minto, B.C. The proposed plant would be capable of handling between 18 and 20 tons per day.

The cinnabar deposits owned by Manitou, were described in a recent issue of The Financial Post. After examining them, Mr. Gould states that installation of a small plant to help carry on development is justified.

R. H. Stewart, consulting engineer, who also examined the deposits, in a report states that while the average of the ore will be low grade, and no prediction can be made as to possible tonnage, "conditions appear to be favorable."

Aldermac Copper Corp. Makes Change in Executive

From Our Own Correspondent

MONTREAL.—Col. C. D. H. MacAlpine has been elected president and director of Aldermac Copper Corp. J. J. McFadden recently resigned from the presidency and Walter H. Wood resigned as a director.

J. G. Martin has been appointed treasurer to fill the vacancy created by the death of W. L. Patterson.

Int'l Mining Plans Change Capital Set-up

May Issue Common Stock in New Company for Purchase Warrants

A plan to simplify the capital structure of International Mining Corp., by the cancellation of the present outstanding purchase warrants, will be laid before shareholders of this exploration and holding corporation at a special meeting to be held Oct. 19.

According to directors, holders of 57½% of the common stock issued have recommended to the board that such a step be taken. The proposal calls for the formation of a new company to acquire all the assets and liabilities of the present corporation for 400,055 shares of new common stock, exchangeable on a share for share basis for the present outstanding stock. In addition, the new company would issue one share of common stock for 3 stock purchase warrants. If all the warrants are exchanged for new stock, the new company would then have a total of 574,703 common shares outstanding.

At present, capitalization of International Mining Corp. comprises 400,055 shares of common stock, and there are also outstanding common stock purchase warrants entitling holders to purchase 523,945 shares of common stock at $10 per share on or before Sept. 1, 1939.

On June 30, as reported in The Financial Post, the corporation's net assets amounted to $8,848,165 equivalent to $22.11 a share on the common stock out. If all of the outstanding purchase warrants had been exercised on June 30, the corporation would have received $5,239,450 additional capital and the net assets value would have been $15.24 a share on the 924,000 shares of common stock outstanding.

Under the new scheme, if all the purchase warrants are exchanged for stock in the proposed company, the stock would have an asset value of $15.39 per share.

It is expected, if the proposal goes through, that application will be made to list the stock of the new company on the New York Stock Exchange.

Lapa Cadillac Crosscut Hits Good Mineralization

A crosscut at the 165-ft. level at Lapa Cadillac Gold Mines property in Cadillac Twp., Quebec, has encountered what is believed to be A ore body in 90 ft. from the shaft, a wire to local interests from the engineer in charge states. At press time values were not available, but the wire indicated that the appearance was highly encouraging, with nice showings of visible gold and good widths. The shaft is on its way down to an initial 350 ft.

Lapa Cadillac is fully financed for a year's development programme, officials have advised The Post. The company is controlled by Sudbury Contact Mines, which owns some 1,030,556 shares of Lapa Cadillac's authorized 3 million shares.

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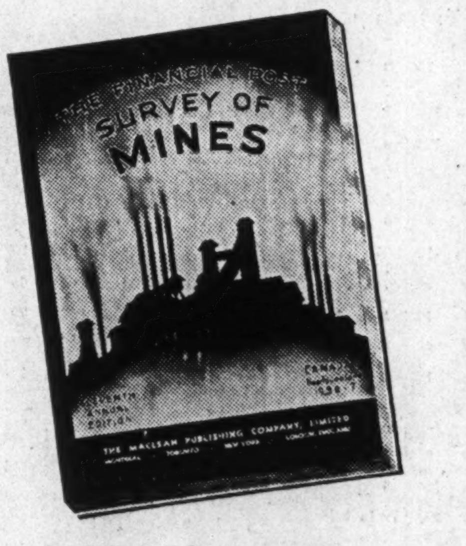
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$80,000 Plan On St. Anthony Recommended

Engineer Would Halt Mill Pending More Ore

An 8-month development programme, aimed at development of further ore, and estimated to cost about $80,000 is recommended for St. Anthony Gold Mines, in the Thunder Bay district of Ontario by Lawrence B. Wright, consulting geologist.

In a report to shareholders, H. P. Bellingham, president of the company, states that "it is altogether likely a part of this programme will be carried on in conjunction with our regular mining operation over a period of from 4 to 8 months."

Just what part of Mr. Wright's comprehensive recommendations the directors plan to carry out is not clear.

The latest financial statement of St. Anthony leaves unanswered the question as to where the necessary funds to complete this programme would come from, unless some capital reorganization were effected.

Capital Stock All Out

The balance sheet as at Dec. 31, 1935, showed working capital of only $18,639. The entire authorized capitalization of $3.3 millions has been issued for some time. As for proceeds from production, in the fiscal year ended Dec. 31, 1935, St. Anthony showed in its annual report, "net earnings" of $2,043.

This figure, however, was arrived at by writing off pre-production expenses at only 50 cents per ton of ore milled, and depreciation at only 10%. In addition, the cost of sinking the new incline shaft, crosscutting, and erecting a new headframe was capitalized as a fixed asset. The federal income tax department allows mines to write off pre-production development expenses at $1 per ton, and they are allowed 15% for depreciation. It is also rather unusual to show the cost of shaft sinking as a fixed asset in a producing mine.

In his recent report, Mr. Wright recommends that while the suggested development is being carried out, operation of the mill be suspended. It would be unwise to operate the plant until at least 2 year's ore supply is blocked out, Mr. Wright advises.

Including the ore now in place, and broken in the stopes, it is estimated that there are 56,509 tons of ore above the 675-ft. level.

The mine has a present depth of 525 ft. Mr. Wright recommends that the incline shaft be deepened to open up 2 more working levels to the 825-ft. horizon.

Big Missouri To Build Mill Of 700 Tons

Unit to Be Built Underground, Official Says

From Our Own Correspondent

VANCOUVER. — Big Missouri's mill will be of approximately 700 tons capacity and will be built underground in the mine, according to announcement made by W. M. Archibald, vice-president in charge of mines for Consolidated Mining & Smelting Co.

Mr. Archibald says the capacity of the mill will not be less than 500 tons per day and may be approximately 750 tons depending on the commercial balance between fine grinding and recovery.

The mill will be installed in an excavation extending approximately 200 ft. below the 2,300 tunnel from the Salmon River side and may conveniently become a unit of a larger installation should anticipated costs and recoveries be attained.

Power for the complete operation will be supplied from a hydro-electric installation near the mine where some 2,300 horsepower is available.

Construction of a road from the Premier mine to Big Missouri was recently authorized by the B. C. Government.

Building of the mill is in the hands of Buena Vista Mining Co., a Smelters subsidiary.

Francoeur Gold Mines Elect MacAlpine President

From Our Own Correspondent

MONTREAL.—Col. C. D. H. MacAlpine has been elected president and director of Francoeur Gold Mines to fill the vacancy created by the retirement of J. J. McFadden. P. C. Finlay has been elected as a director following the resignation of Leo George and has also been appointed secretary in place of J. C. Norton.

Officers and directors of the company now are as follows: C. D. H. MacAlpine, president and director; A. A. Mackay, vice-president and managing director; P. C. Finlay, secretary and director; Leo Timmins and F. J. Bailes, directors, and J. C. Norton, treasurer.

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Copper Confidence

Canada Shows Herself in Sympathy with International Copper Scheme—Basis of Confidence

The decision of the world's great copper producing countries, Chile, the Belgian Congo, and Rhodesia, to loosen their restricted production programme, has not, apparently affected confidence in the outlook for this metal.

It will be recalled that on June 1, 1935, representatives of large copper producers met in New York, and agreed to limit output to 70% of normal, basic, production. Recently, in order to check any unduly rapid advance in price, to discourage speculation, and to ensure adequate world supplies, production quota under International Copper Scheme, was to be increased to 75% of normal, starting August 1, 1936.

Canada was not a direct party to this scheme, but, at the time, leading copper producers here expressed sympathy with the plan. That their sympathy has been more than verbal is obvious from the fact that over a long term copper production in this country has not increased as rapidly as might be expected, and recently has actually declined.

For several reasons, Canadian producers might have considered themselves justified in increasing copper output. In the first place, of course, not being a signatory to the restriction plan there was no legal obstacle to taking advantage of better copper conditions. Secondly, in Canada the 2 largest producers of copper, International Nickel and Noranda, produce copper in association with the production of some other metal, and production does not lend itself so readily to control.

However, facts show that recently Canadian production of copper has declined. In the 6 months ended June 30, 1936, Canada's total copper production was 205,637,311 pounds, as compared with 215,022,358 in the first 6 months of 1935. In June, while the world production of the red metal increased 2.6% above the May output, Canadian production dropped 8.5%.

Much of Canada's copper is produced with nickel, by International Nickel Co. of Canada Ltd. so that it is significant to note that, while copper output was declining, nickel output in the first 6 months of this year increased to 82.7 million pounds as against 63.8 million pounds in the first 6 months of 1935. The conclusion is that International Nickel Co., has been treating ore with a considerably lower copper content than formerly.

The statistical position of copper continues to be good. According to the Dominion Bureau of Statistics, electrolytic copper imported into Great Britain in June increased to over 33.5 million pounds, over May's importation of 22.4 million pounds. Canada's share of this business in June amounted to 16.7 million pounds, or nearly half the total.

Since the end of 1935, world stocks have declined rapidly. When the scheme was originated in June, 1935, total stocks in warehouses recognized by the London Metal Exchange, totalled 78,798 tons. By the middle of August last, they had declined to about 54,000 tons.

This improvement in consumption is even more apparent over the longer term. The following tables, based on material supplied by Messrs. Brandeis, Goldschmidt & Co., of London, England, shows production and consumption in 1928-1929, and for the past 4 years:

World Production
(Thousands of long tons)

	1928-'29	1932	1933	1934	1935
Belgian Congo	125	54	66	110	106
Northern Rhodesia	5	75	104	143	145
Chile	296	102	166	253	267
Canada	102	112	135	164	185
Rest, outside U.S.A.	436	309	339	357	407
U. S. A.	856	228	210	207	320
World total	1,820	880	1,020	1,234	1,430
World Consumption					
Great Britain	155	129	150	225	260
Germany	250	187	220	288	275
France	135	94	110	95	110
Japan	82	71	80	111	130
Rest, outside U.S.A.	320	229	295	353	430
U. S. A.	1,000	305	345	372	470
World total	1,942	1,015	1,200	1,444	1,675

Mining Enquiries

Pandora Cadillac

We would appreciate a report on Pandora Cadillac Gold Mines, giving the general background of this concern.

Pandora Cadillac Gold Mines Ltd. purchased the assets of Canadian Pandora Gold Mines Ltd. for 1.4 million shares. The company owned approximately 29 claims in Cadillac Township, Quebec. The property is equipped with a steam mining plant capable of sinking to 1,000 ft..

Of an authorized capitalization of 3 million shares, $1 par value, 2,007,000 were outstanding as at August 15, 1936. Of this amount 1.4 million shares, the stock issued to Canadian Pandora, is pooled for one year from June 4, 1936.

Treasury shares on this company have been underwritten and optioned by McFetrick and Company, C. A. Gentles and Company and McCuaig and Company. McFetrick and McCuaig are Montreal houses of some standing.

L. F. Hutchinson, New Liskeard, a director and secretary-treasurer of the company, informs us that the company has $148,000 in the bank. No liabilities were taken over from the old company but we have not seen an audited financial statement.

Propertywise this proposition is still a speculation in our opinion.

Lake Rose Mines

I hold shares of Lake Rose Gold Mines. What are the prospects for this mine? Is it worth holding as an investment? I paid 75 cents a share.

Lake Rose Mines Ltd. was incorporated this year to develop the Rose Lake properties owned formerly by Prospectors Airways Company. Prospectors Airways did a considerable amount of preliminary development work and received in return for this work and the claims, 1,340,000 shares of Lake Rose Mines. Prior to the formation of Lake Rose Mines, Prospectors Airways spent $113,487 for preliminary development work. At the Lake Rose Mine development work has been very successful to date although the company is still, of course, a speculation. The property is not easily accessible, but grade has been fairly high. Anglo-Huronian Limited, a well regarded and successful financing company, has undertaken the financing of this property. Directors are all experienced mining men and have shown themselves in the past to be reliable.

Briefly, therefore, while we would hesitate to classify Lake Rose as anything more than a speculation, it has certain definite attractions.

United Gold Equities

As a subscriber of your paper I would like some information from you in regard to United Gold Equities.

The last quotation I saw on this stock was $3 but that is about 6 months ago and none of the financial papers seem to mention it or give a price. The dividend has recently been increased to 12 cents a share and I received a letter from Messrs. Lawson, Williams & Company, of Montreal, advising me to hold my shares. The list of securities held by this company seems to be a good one but I would like to know what you think of it as an investment and what quotation you have on the stock at present.

Since its formation in 1933, the United Gold Equities has given a good account of itself. In 1934, the company paid a total of 12½ cents per share. In 1935, dividend payments amounted to 10 cents per share. At the present time the company is on a regular dividend basis of 3 cents per quarter.

United Gold Equities is a type of investment trust with definite restrictions, laid down in the charter as to the amount of the company's capital that may be invested in any one issue or type of issue. Not less than 50% of the funds of the company shall be invested in the dividend and interest-paying securities of well-managed mining companies of approved resources and earning power. It is also provided that the company cannot invest more than 15% of its funds in securities of any one issue.

The trust seems to be well managed and was fortunate enough to be formed at a time when mining stock prices were at a much lower level than at present. Largely as a result of the increase in the price of gold and the general market improvements, the company's holdings have shown a considerable appreciation.

An interim financial statement as at March 31, 1936, showed total assets of $470,536 consisting chiefly of investment securities at a cost of $449,794. The market value of these securities as at the same date was $565,822. It is probable that the market value today would be considerably in excess of this amount.

The report referred to above showed 221,634 standard shares issued and $1,000 shares of common stock.

One of the drawbacks, of course, to an investment of this type is that it lacks marketability. The latest quotation we are able to obtain is $3 but the shares are not particularly active.

At that price, and with a dividend of 12 cents per annum, the yield on these shares is approximately 4%.

Cartier Malartic

Is the ground which, I understand, Cartier Malartic owns adjoining O'Brien in Quebec an important asset? If it is, why was work stopped there formerly? Has the recent discovery of O'Brien changed the picture?

Interest of Cartier-Malartic in the ground adjoining O'Brien is through the one million shares of Canadian Gold Operators which Cartier-Malartic holds. Canadian Gold Operators is controlled by Ventures. Some years ago, with Ventures' money, a shaft was sunk in the property adjoining O'Brien, considerable underground work and drilling done. Some vein systems were located similar to those of O'Brien but values were erratic and work was stopped. The reason for this action was undoubtedly that Ventures felt the expenditure of further money was not justified at that time. Undoubtedly the few developments at O'Brien do change the outlook from a speculative point of view, and it is likely that work will be resumed at this property shortly.

Cartier-Malartic also owns 3 claims in Joannes Township, Quebec, but the work here has been inconclusive and the claims are of doubtful value.

HALLIWELL GOLD MINES
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Developments at this property are now at a very interesting stage. Results of importance are being obtained.

Information on request.

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Minto Reports Better Values

Shareholders Hear of Metallurgical Difficulties

From Our Own Correspondent

VANCOUVER.—Considerable interest was shown here in the annual meeting of the Minto Gold Mining Co., and while officials of the company were optimistic regarding the future, the stock has taken a slump lately.

Drifting on the River level may be resumed shortly, W. A. Davidson, superintendent and largest shareholder, told the meeting. Before work on the level ceased, he said, the last 180 ft. had shown better values than the low-grade ore passed through beyond the high grade, discovery of which sent the stock upward some weeks ago.

W. J. Asselstine, consulting engineer, told of the difficulties encountered in handling the complicated ore and said other engineers had been unable to reduce the tailings loss. Much of the fine gold, he said, was coated and would not float. It was hard to show more than 90% recovery.

William Warner, president, said the high price had been caused by expectation that the high grade would continue, but it had not.

Stock Sales

The president also told the meeting, in answer to a question as to whether any of the 300,000 shares authorized for sale had been sold after high-grade ore was struck, that none had been. But just prior to the strike 200,000 shares had been sold, the first lot at 9 cents and the next at 11 cents. When the high grade was struck, a minimum price of $1 a share had been set for the last 100,000 shares authorized, and these still remained in the treasury. Much of the stock sold at the low price had been to Bridge River people, to whom the news of the strike had been available first.

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C.I.M.M. to Air B.C. Legislation

Wide Interest Forecast in Debate as Views Differ Widely

From Our Own Correspondent

VANCOUVER.—The Canadian Institute of Mining and Metallurgy may be asked to pass judgment on the B. C. Securities Act when it meets here October 7 to 10, and the discussion should be of wide interest in view of the conflicting views already expressed on this legislation.

The B. C. Bar Association last spring condemned the Securities Act, but the Vancouver Stock Exchange and many other interests favor the present law except in a few minor respects, claiming that it provides ample protection for the investor and prevents the "chiseling" that used to prevail under the old conditions. They believe that the Securities Act as it stands is effective blue sky legislation.

Promoters of several mining properties believe the act is too stringent and that it should be modified in order to give small properties a better chance to obtain financing. Attorney-General Gordon Sloan promised a few months ago to revise the act for submission to the fall session of the legislature, and further word regarding the proposed changes is eagerly awaited.

Lundberg Drops Options in Nfld.

Hopes for a successful gold mining operation at Sops Arm, on White Bay, Newfoundland, received a set-back recently when it was announced that Dr. Hans Lundberg who had an option on most of the mining claims in that area relinquished his option. Results of assays made on samples taken from the area have, it is understood, been most disappointing.

This reverse followed the one last year when representatives of Timmins Corp., examined property in this field and later withdrew after obtaining low assays.

J. M. Consolidated Lists Another Million Shares

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has approved the listing of one million additional shares of J. M. Consolidated Gold Mines. The shares will be called for trading next September 21.

The additional listing is the result of an increase in the company's authorized capital stock from 2.5 million shares to 3.5 million shares. Of the authorized capital, all but 34 shares have been issued.

Mining Plant of 500 Tons To Be Flown 150 Miles

From Our Own Correspondent

HUDSON. — A complete mining plant, involving the movement of 500 tons of freight, is to be flown a distance of 150 miles to the property of Berens River Mines at Favorable Lake, 225 miles by air north of railhead, in Northwestern Ontario. The machinery and other equipment for the winter's work at this property, controlled by the Newmont Mining Corp. will be taken by water transport from Winnipeg to Berens River, a distance of nearly 200 miles. From Berens River the freight will be loaded into the large freighting planes and transported the 150 miles to Favorable Lake. It is anticipated that 150 tons of this movement will be at the property before freeze-up, sufficient to get work started during the in-between season after which the other 350 tons will be flown in. The contract calls for the shipment of a tractor, two 90 h.p. boilers weighing 1,200 pounds apiece, hoist, compressor, complete equipment for a cookhouse, firebrick, complete sawmill, lumber, food, supplies, equipment, ore cars, buckets, cement, dynamite, and other accessories.

Early Results Promising

As result of encouragement from the diamond drilling on this property last winter and this summer, the newly organized Berens River Mines is to sink a shaft to 500 feet during the winter. By surface work an ore zone 400 ft. long, averaging .35 oz. of gold and 16 oz. of silver per ton across 10 ft. was located and, although details have not been issued by Newmont, diamond drilling apparently gave similar or better results otherwise the sinking would not be considered. Values in lead and zinc have been secured in the ore but, so far from the railroad, they are more of a handicap than an asset.

In the organization of Berens River Mines, Newmont secures 600,000 of the 1,000,000 shares, while K. U. P. Syndicate and Favorable Lake Mining and Exploration Co., which originally owned the claims, secure 300,000 and 100,000 shares respectively.

Movement of 2 other large air contracts in Patricia district is in full progress. Canadian Airways has the largest individual air freight contract ever let in the world, that of the movement of 800 tons, mostly fuel oil, to Argosy Gold Mines. The freight is flown from Gold Pines to Casummit Lake, a distance of 70 miles. Starratt Airways is handling what is probably the second largest air freight contract ever let, that of six to seven hundred tons, likewise mostly fuel oil for J. M. Consolidated Gold Mines. Gold Pines is also the focal point for this movement. The J. M. haul is for a distance of 41 miles from Gold Pines to Woman Lake.

Wood-Cadillac Mines Reports $125,351 Cash

Current assets of $125,351 against no current liabilities is shown in an audited balance sheet of Wood-Cadillac Mines as at August 31, 1936. Current assets comprise cash.

On the balance sheet the development account is carried at $31,404.

F. C. Dobell, president, reports that of the company's outstanding shares 737,205 are pooled until March 25, 1937. In addition certain shareholders voluntarily pooled some 300,000 shares for the 4 months from June 1, 1936, in order to assist the financing of the company. The shareholders will be asked to aid further by leaving their shares pooled for another 3 months.

First diamond drill hole sunk at the western end of the company's property in the Cadillac area of Quebec, between Pandora and Canadian gold operators showed the presence of good gold values, the president reports.

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Information bulletin giving geological and engineering data, will be sent upon request.
Capitalization:
Shares authorized (Par value $1.00) 3,000,000
Shares issued to Aug. 4th, 1936 (Escrowed 685,000) 725,000
Shares Underwritten 200,000
Shares Remaining in Treasury, 2,075,000
W. WHEADON COMPANY
STOCKS 46 MAIN ST. WEST HAMILTON, ONT BONDS

LAKE ROWAN GOLD MINES
LIMITED
Incorporated Under The Dominion Companies Act
RED LAKE DISTRICT, ONTARIO

CAPITALIZATION
Authorized (No Par Value) .... 3,000,000 shares
Issued for Properties (1,065,000 shares pooled) .... 1,090,000 shares
Previously Issued .... 240,007 shares
In Treasury (Including the present offering) .... 1,669,993 shares

OFFICERS AND DIRECTORS
President
LEONARD E. SCHLEMM, M.E.I.C.
President, Red Crest Gold Mines Limited
President, Northern Ontario Lands Corporation
Director, Algoma Central and Hudson Bay Railway
Vice President and Managing Director
H. M. PORTEOUS
Director, Macassa Mines Limited
Director, Kirkland-Hudson Bay Gold Mines Limited
LT.-COLONEL HUGH M. WALLIS, D.S.O., M.C.
Director, Mount Royal Rice Mills Limited
MOSTYN LEWIS
Director, United Bond & Share, Ltd.
S. W. FAIRWEATHER, B.Sc.
Director, Bureau of Economics, Canadian National Railways
L. G. W. SCHLEMM
R. W. WALLACE
DR. J. E. GILL, Geologist

Lake Rowan Gold Mines Limited, is located at Golden Arm, in the Red Lake district of Ontario. The Company owns 42 claims, all fully patented, covering an area of about 1,800 acres. The main discovery on the Lake Rowan property on Claim 6181 consists of five veins indicating values as high as $57.00. Besides the main discovery there are some twelve to twenty other discoveries. It is adjoined by Red Crest Gold Mines, Frontier Red Lake and Paulore.

Dr. E. G. Bishop, Consulting Geologist, has reported favourably on the property and states in his report: "The general aspect of the group of claims held by the Lake Rowan Gold Mines is an extremely attractive one."

Wm. T. May, Consulting Mining Engineer, says: "Recent results strengthen my favourable recommendation made previously for the active development of this property."

The Management of operations is under the direction of H. M. Porteous, Vice-President and Managing Director of the Company.

It may be stated that recent sampling and field work carried out under Dr. J. E. Gill's direction have fully come up to expectations.

The completion of Dr. Gill's geological work will be immediately followed by a programme to bring the property into production as soon as possible. The financing now arranged provides ample funds to a point where mill construction will be considered.

OFFERING OF 500,000 SHARES—NO PAR VALUE
We have every confidence that the potentialities of the property, disclosed as a result of development work done to date, indicate that Lake Rowan Gold Mines has exceptionally favourable possibilities of developing into a producing mine of considerable magnitude.

Price 50c Per Share
Subject to prior disposition and change in price
A prospectus, a copy of which has been filed under the provisions of the Companies' Act 1934, will be furnished on request.
While we do not guarantee the statements contained herein—we believe them to be reliable.

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The Company having already received payment or commitment therefor, the proceeds of the shares now being offered will not go into the treasury of the Company.

Two Meals and a Bed ~

Canada's Floating Population Must Be Collected, Sorted and Salvaged — Suggests Permanent Colonies for Oldest and Training for Others

Halt Buck Passing And Seek Real Solution

Last week Charlotte Whitton traced to its roots one of Canada's major social problems, namely, the transient or casually employed workers who comprise almost one third of our total wage-earners.

This week she tackles constructively this challenge of "Two Meals and a Bed" and urges, first, the need for breaking the problem into its proper components and then tackling it by the provision of "colony camps," for example, for the older broken men and organized training and reconditioning projects for others.

She warns that a halt must be called to the buck-passing of municipalities and suggests a "dead line" be named at which time transients must definitely establish their residence and legal settlement. She also makes a plea for the aid and co-operation of citizens once the problem is localized.

This article continues the far-reaching probe of Canada's relief and social problems being conducted for The Financial Post by eminently able Charlotte Whitton. In previous articles she has exposed the weaknesses and shortcomings of our relief administration and policies and has made important constructive suggestions for their improvement. In subsequent articles she will deal with other vital aspects of our present problems of social dependency.

By CHARLOTTE WHITTON, C.B.E.

Charlotte Whitton, C.B.E.

Had Canada not so long ignored and neglected her problem of an increasing reserve of under-employed, semi-skilled and unskilled laborers, casual and wandering within her boundaries, it would not have broken, as it did, with such grave seriousness within a few months of the depression's onset.

For, in 1931, the problem suddenly gathered head. That year over 65,000 of the farm laborers were found to be unemployed on an average of 24 weeks; 44,000 who were in mining, 23 weeks; 39,000 in forestry, fishing and trapping, 23 weeks; even skilled workers in construction 26 weeks; out of the schools and colleges poured a new tide of eager, adventurous youths, offering altogether in the population, competition from over half a million between 15 and 19 years of age and 460,000 between 20 and 24 years of age, with practically 100,000 coming on each year in any one age group.

And all the time employment opportunity was contracting and to the hordes of wanderers were added those genuinely seeking work. Adventure gave comfort in idleness, and jungle and flophouse began to know the eager, clean face of youth, and highway, rail "rod" and country road swarmed with a restless moving throng. Panicky, the municipalities and the provinces clamped down their residence restrictions, and "2 meals and a bed" became the limit of their aid and men moved on to the next town or slept under culverts, in barns and sheds, and dumps and took what the day brought.

Emergency Measures

With the approach of winter in 1932, the situation was serious especially in the West and immediate action was necessary. Rod riding was stopped. Commissions were set up in each prairie province and did well in emergency conditions. The private agencies in the large cities of the East worked valiantly with the public authorities. The National Defence Camps were set up as an emergency measure originally in the thought of taking the man and boy with no residence in any province. In those immediate weeks, it is doubtful what else could have been done, for time was of the essence of the situation.

But the plan was open to serious objection as a permanent policy—it was bound to be costly—one never recks of cost in war time—and the military and civilian approach to essentials is bound to be different. There were fundamental objections to giving the militia any power over civilian population in peace time so the plan had to be voluntary and with a wandering group this could not but mean constant come and go and restlessness in the camps, which could be lighted into deep resentment at any time.

Old and young, all ranks and classes went together. Of 20,000 men "demobilized" this year, 38½% were under 30 years of age, 10½% were 18 to 20 years, and 28% were 21 to 30; 18% were over 50. Just 45% were laborers; nearly 10% were drawn from clerical or professional groups; 8% from construction and 26% from various semi-skilled pursuits such as fishing, logging, mining, service, etc. Presumably, what happened would happen with such an obviously emergency set-up allowed to drift gradually into a permanent feature of the country's social services.

Today's Problem

It is a good move to absorb the provisions for this group into the ordinary civilian services but the problem is not solved. It is one of long growth and grave ramifications and even in the summer of 1936 it is baring its teeth in many centres—the western cities are getting the brunt with the drought sharply contracting farm employment, while eastern cities will shelter a horde returning earlier from the market and fruit farms where lighter crops mean shorter employment and little savings.

Much of the work to which the men from the camps have gone is admittedly seasonal, and employment will not normally open to embrace that many in the early autumn while already the pipes of Pan have lured many of those placed in jobs back to the open road or city, on their first pay day. The movement is backing up again in Vancouver, Alberta, Winnipeg, Toronto and Montreal.

Proper Attack

And, after all, the camps which have attracted so much attention have been magnified out of all importance. They accommodate 20,000 to 23,000 of these men and boys, probably less than a third of an abiding and enlarging problem which must be dealt with for what it is—a great pool of floating casual labor, infiltrated with a percentage of loiterers and disrupting other attempts to line up a permanent organization of employment as long as it is a churning, restless mass.

It is being attacked in the right way, through an attempt to break it down into its elements of unplaceable older men, young untrained or semi-trained lads and able-bodied employables, with the spearhead of attack directed toward the placement of the latter.

Colony Camps

We might as well realize, however, that for the first group, we shall likely have to come to something that in principle will resemble the old "poor house" though we can protect it from the undesirable features that brought opprobium to that name. But the older, broken men, and men who cannot settle into employment will eventually be best placed in groups or colonies organized on a self maintenance basis, with vegetable gardens, poultry, small stock, wood, etc. provided through their supervised employment and the camphouse work supplied through their own labor. In the long run it will be the cheapest way of handling the problem, socially and financially, and some of the able-bodied younger men could be profitably occupied in the construction of such colony camps.

The present farm placement plan whereby men are placed on western farms for their "keep" and $5 cash per month paid by the Dominion is admittedly a stop-gap in the hope that many of these men will find regular employment at prevailing wages, or decide to take up settlement themselves. Obviously, it can hardly be regarded happily as a permanent feature in the placement of agricultural workers.

Training Projects

Reconditioning and training projects will have to be developed for many in both the other groups, but these will perhaps prove best if the units are organized in close collaboration with employment services and with the actual industries and occupations for which the vocational training of each is designed and also if they are susceptible of transfer or adaptation to co-operative enterprise in the areas in which they are located.

One thing we should watch and that is that the training provisions should not be such as to feed further our excess supply of "white collar" workers, whom the schools and colleges are already turning out beyond our power of absorption for some time to come. The retraining should be related to actual demand which is picking up now in skilled artisan pursuits, and provision should also be considered for experimentation in instruction and encouragement for individual settlement on small self-supporting holdings in populous areas, where many fine abandoned farms could be retrieved and broken up for such a venture.

For after all, the problem must not only be broken down into its constituent elements but broken up into smaller units to the end that the full collaboration of the citizen body may be enlisted in an attack upon what may well prove capable of solution in small numbers and within selected areas, though resistant to effectual treatment on a mass basis. "Massing" of this section of the idle and needy is also bound to contribute either to a sense of futility and despair or to restless and bitter resentment that is harmful alike to the individual boy or man and to society itself.

Residence Agreements

There should be an end to "passing the buck" between municipality and municipality, province and province, and between both and the Dominion on this whole problem of thoughtful responsibility for the transient, whether he has lost residence through his own wanderlust, or is unfortunate enough to have found his work in recent years in different communities and provinces of Canada without being able to acquire or retain residence in any one. It is not solving the problem to keep passing individuals and whole families back and forth and so to be feeding the aimless, restless tendency of the times.

On the other hand there is (as the Minister of Labor has said) grave danger in allowing any one group to feel that they have a special claim upon public aid from any one unit, lest such provision encourage through indirect subsidy the problem it is designed to cure. But we now have this problem of an accumulation of homeless non-resident men, and a growing volume of non-resident families with us. They must be cared for and that were better done on a sound basis that will keep the volume under control and prevent its inflation than by our present policy of "handing out and handing on."

Suggests "Dead-line"

Agreement might be reached between each province and its municipalities, and then among the different provinces, and between them and the Dominion, on a "dead line" date which would establish the residence or legal settlement of any person, as it was on that date, and restrict their claim on public assistance in amount and conditions to what they would have been eligible to receive within that municipality at that time. Each unit of responsibility could then agree to provide under such an arrangement for their own residents wherever now located, either by reimbursing the authority presently giving care, or by negotiating for their return at their own or joint cost to the centre of their residence.

Persons for whom no residence can be established within any municipality but within a province would become the liability of that province, and those who could not be legally established within any province would be cared for by the municipality of their last residence and reimbursement made by the Dominion authority.

Some such definite agreement must be shortly reached if this aimless, shifting, floating movement which now embraces so many families and young persons is to be brought under control. Left as it is, it is contributing seriously to a restless, irresponsible, lawless spirit, and by providing a shifting reservoir of casual, irresponsible semi-skilled labor it is tending to frustrate carefully planned projects for the increased provision of employment opportunity under reasonable minimum working conditions.

Constructive Action

The announcement of the Prime Minister just as he left for Geneva that the provinces would be asked to submit various projects for dealing with problems within their boundaries, and that the broad policy would be followed of Dominion participation on an equal partnership basis in meeting the costs of approved plans this winter, indicates a practical appreciation of the factors involved.

The further recommendation of the National Employment Commission that the approach should contemplate absorption of these groups into the lines of primary production, also suggests an attempt to solve this problem of casual and under-employment close to the activities in which it largely arises, and which are most severely affected by seasonal considerations.

Canada's problem in this inchoate, aimless movement of transient men and families offers one of the increasingly grave dangers of social disintegration in the country today. The public do not give it the importance it deserves.

EXCHANGE MANAGER

A. J. Trebilcock appointed executive manager of the Toronto Stock Exchange. Formerly Mr. Trebilcock was solicitor and assistant secretary to the Standard Stock and Mining Exchange. After the merger he continued in that capacity for the merged exchanges.

Rail Men Mum On Wage Plans

From Our Own Correspondent

MONTREAL.—No public statement is forthcoming as to the decision reached following a 3-day parley on a new wage agreement with the railway companies by delegates representing approximately 130,000 railway employees in Canada.

Conferences were held between representatives of the men and the railways. Basis of the deliberations of the employees' representatives has been the restoration of pay cuts made since the beginning of the depression. The workers' wages have been reduced in all by about 15%, but following negotiations held more than a year ago between the companies and the employees' representatives, 5% of the reduction was restored. The present deliberations aim at obtaining a restoration of the balance of 10%.

Tourist 1936

C. P. R. Has Plan To Carry Motor Cars As "Passenger"

From Our Own Correspondent

MONTREAL.—No longer does the automobile tourist need to take long tiresome journeys for, effective from October 15, the owner can ship his motor car not only between points in Canada, but also from Canada to the United States, under new "passenger with automobile" plan arranged by the Canadian Pacific Railway.

The plan provides for shipment of a car in freight service at a rate equal to 1 1/3 times the one-way first-class fare, provided the car owner also holds 2 first-class tickets covering the proposed route. Thus a man and his wife desiring to go to Vancouver could have the car shipped in freight service by presenting their passenger tickets, and paying a further fare and a third to cover their automobile. Further, passengers are not deprived of any general privileges, such as the changes of alternative routes.

Stop-over privileges for cars are also included under this arrangement, and a further feature in the case of shipments to the United States is the simplicity with which the customs regulations have been worked out. An outstanding point is that the owner will not have to be present when a car passes the customs.

Big Timber Deal Complete in B.C.

H. R. MacMillan Buys Rockefeller Holdings and English Mill

From Our Own Correspondent

VANCOUVER—H. R. MacMillan of Vancouver, who for years has held a dominant position in the lumber export business of British Columbia, has substantially increased his interest in the production end of the business by acquiring the Alberni-Pacific Lumber Co. at Port Alberni, together with approximately a billion feet of timber.

Purchase of the mill was made from Denny, Mott & Dickson of London, England, who had held the property for about 11 years. The timber, in 9 different tracts varying from 770 to 2,000 acres, but all close to the Alberni-Pacific operations, was bought from the John D. Rockefeller interests.

Approximately $4 millions changed hands in the deal, which is the biggest one negotiated in British Columbia in many years.

The new company will be known as Alberni-Pacific Lumber Co. 1936 Ltd. The name of the purchaser given in the deal was Canadian White Pine Co., the MacMillan holding company which also controls Dominion Mills, Ltd., the big Fraser River plant.

Mr. MacMillan will be president of the new Alberni company, with capital of $1,500,000. W. J. VanDusen, his associate in other enterprises, will be vice-president. Ross Pendleton will continue as manager. Construction of considerable logging railroad will probably be one of the first undertakings of the new corporation.

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The BACHELOR'S COLUMN correspondence should be addressed to: "Bachelor", Andrew Wilson & Co. Ltd., Toronto.

Harvest Moon

HAVE you noticed the moon these last few nights? . . . It's nearly full and there's moonlight all night long . . . A friend of mine who is something of an amateur astronomer says it's our annual Harvest Moon . . . and that this is the only time in the year we get practically twelve hours of brilliant moonlight . . . On a clear night, the whole world is bathed in soft, silvery light from sunset until dawn . . . If you care to make the experiment, you'll find you can read a paper by it, while enjoying the delightful Havana fragrance of a Bachelor Cigar.

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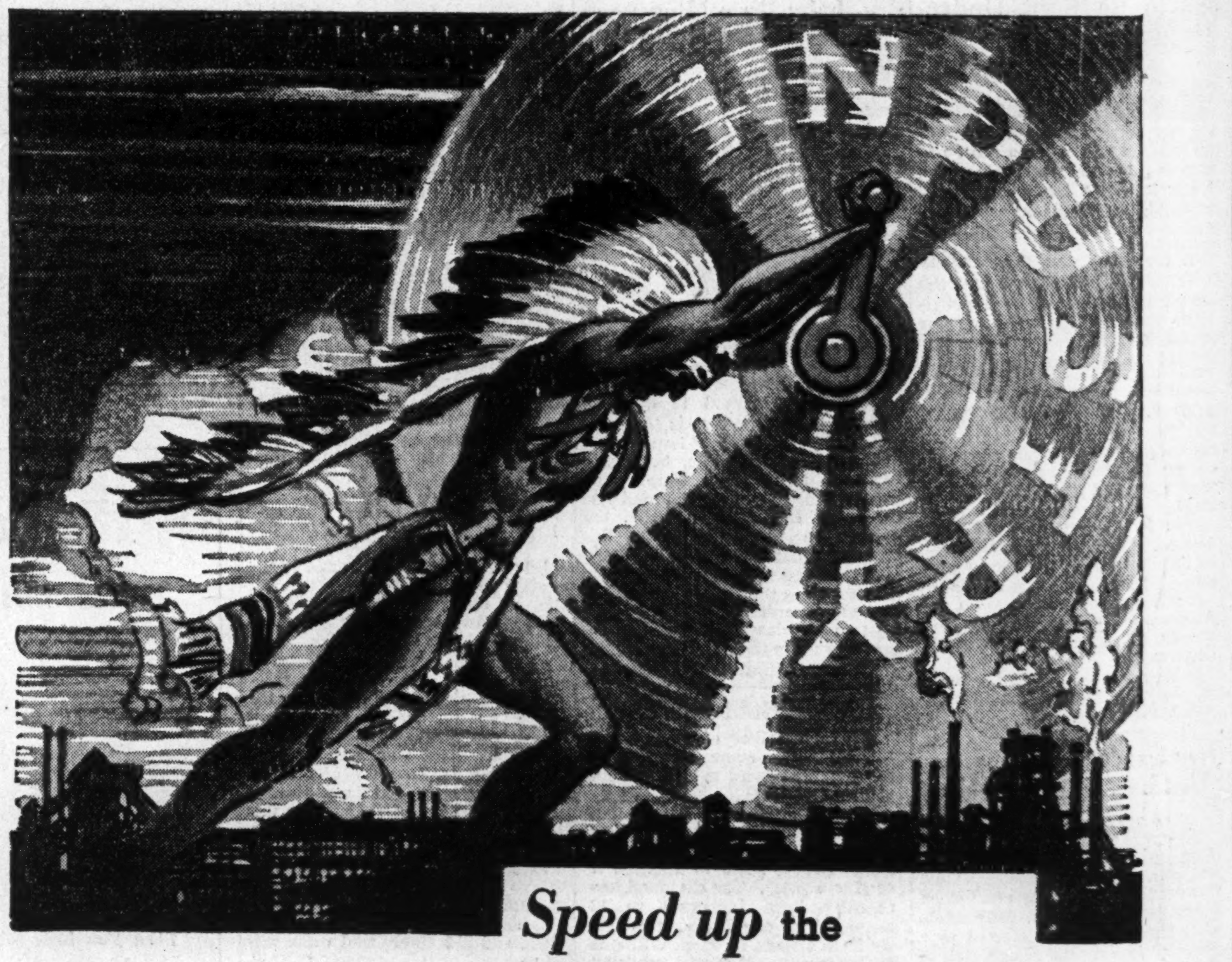

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